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FBIS-EEU-95-040 *1 March 1995*

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CR-SR 1994 Foreign Trade, 1995 Outlook

95CH0103C Prague EKONOM in Czech 11 Jan 95 pp 25-29

[Unattributed analysis based on statistical data provided by the Czech Statistical Office through 5 December 1994: "Foreign Trade Between the Czech Republic and the Slovak Republic—Statistics That Are Only Mildly Optimistic"]

[FBIS Translated Text] *Beginning on 1 January 1993, the Slovak Republic [SR] became an independent country and thus yet another foreign trade partner for the Czech Republic [CR]. Despite some problems which accompany mutual commercial exchanges, it is necessary to figure on the fact that Slovakia—as our closest neighbor to the east—will continue to remain an important territory for Czech enterprises into the future as well. This leads to the necessity to analyze developments in mutual trade and to monitor the trends affecting the exchange of goods. A team of specialists from the Center of External Economic Relationships (CVEV) at the Ministry of Industry and Commerce, under the leadership of Docent Eng. Frantisek Stransky, recently worked out an overview of foreign trade between the Czech Republic and the Slovak Republic for 1993 and for the first 10 months of 1994, based on the latest available data. The authors of the analysis are aware of the fact that statistical data regarding Czech foreign trade are constantly on the move and subject to permanent adjustments; nevertheless, even despite this finding, the analysis of the CVEV, which we are presenting below, can be considered as presenting a generally indicative picture of commercial relations between the Czech Republic and the Slovak Republic.*

Mutual trade relations between the Czech Republic and the Slovak Republic were already weakening during the final years of the existence of the common state, primarily as a consequence of the overall decline of economic activity, in both the Czech Republic and the Slovak Republic (the GDP declined by 21 percent or by 22 percent in 1992 in comparison with the level achieved in the Czech Republic and in the Slovak Republic in 1989). This development led to a lowering of the overall demand in the market for consumer goods, investments, and requirements in military equipment. As far as the significance of mutual trade is concerned, it can be determined that the turnover in foreign trade involving Slovakia during the final year of the existence of the CSFR accounted for about one-fourth of the total estimated foreign trade of the Czech Republic (in the case of the Slovak Republic, this share was virtually double that level).

After the two independent nations came into being, there occurred the anticipated decline in mutual trade which can be estimated at approximately 18 percent (including reexports from the Czech Republic to the Slovak Republic). This decline incorporates not only the influence of the birth of two states itself, but also the continuing overall economic decline (in 1993, the GDP in the Czech Republic dropped by 0.3 percent and in Slovakia by 4.1 percent; industrial production declined by 5.3 percent and 13.5 percent, respectively, and there was a significant decline in production in both countries even in agriculture).

New Trends

The Slovak share in the overall foreign trade turnover of the Czech Republic in 1993 declined to 19.3 percent (Czech exports declined to 21 percent; Czech imports to 17.5 percent). From the standpoint of immediate future development, however, the fact that Czech exports to the Slovak Republic in 1993 were higher than Czech imports from the Slovak Republic by 17.1 billion Czech korunas [Kc] was significant, so that the value of Czech exports to the Slovak Republic was not covered by the value of Czech imports from the Slovak Republic to the extent of 21 percent. (Footnote 1) (However, the positive balance of trade was greatly influenced by reexports where reexports to the Slovak Republic were predominantly higher than reexports from the Slovak Republic. However, the problem of reexports is a standard affair which affects not only the Slovak Republic.) As early as 1993, a trend was beginning to form in which the relationship between exports and imports was gradually closing—the positive side of the balance of trade between the Czech Republic and the Slovak Republic was diminishing quarter by quarter—during the first quarter, it amounted to Kc5.3 billion, that is to say, 26 percent of the value of Czech exports to the Slovak Republic; in the second quarter, this figure was Kc5.9 billion, that is to say, 25 percent of the value of Czech exports to the Slovak Republic; and similar values were recorded for the third quarter, when the figure was Kc4.5 billion, that is to say, 22 percent; and during the fourth quarter it only amounted to Kc1.5 billion, that is to say, a mere 8 percent. This development continued in 1994 so that the second quarter of 1994 already showed a positive balance of trade of Kc1 billion with respect to the Slovak Republic, and in the third quarter the positive side of the equation only amounted to Kc400 million—the value of Czech exports to the Slovak Republic exceeded the value of Czech imports from the Slovak Republic by 3 percentage points. Over a period of 10 months in 1994, the share of foreign trade turnover of the Czech Republic with respect to Slovakia declined to a level of 15.1 percent of overall Czech foreign trade sales (during the same period of 1993, this figure was still at a level of one-fifth), which signifies a palpable weakening of Czech sales markets (particularly in comparison with the status which existed in 1992, when it was possible to reconstruct the share of this trade to the above-mentioned one-fourth) because the trend toward a balance in the balance of trade is asserting itself predominantly at the expense of Czech exports. When judged from the position of the Slovak Republic, the share of trade with the Czech Republic in the overall volume of Slovak foreign trade for quarters one through three of 1994 declined to 33.8 percent.

During the past relatively brief period of development in mutual trade, it is necessary to evaluate some gradually forming new tendencies and therefore it is necessary to draw attention to symptoms which are clearly significant even

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with regard to further development. This is primarily a trend toward a certain improvement in the development of Czech imports from the Slovak Republic which can, in turn, signify stabilization in mutual trade in a situation when a significant imbalance in the balance of trade to the detriment of the Slovak Republic has already been overcome and the problem of exceeding the credit limits has been minimized (minimized primarily with respect to its proportion of the overall volume of mutual trade).

In the fourth quarter of 1994, Czech imports from Slovakia were already approaching (the 4-percent level) the value achieved during the same period of 1993. Developments in the individual months of 1993 and 1994, which are clearly moving in the direction of mutual approach between the values of exports and imports, and thus toward weakening the imbalance in the balance of trade (proportional to the value of Czech exports), are listed in Table 1.

Table 1
Czech Exports and Imports
Involving the Slovak Republic
(in billions of Kc)

	Exports		Imports		Balance of Trade	
Month	1993	1994	1993	1994	1993	1994
1	4.63	5.02	3.60	2.51	+ 1.03	+ 2.51
2	7.09	5.26	4.99	5.21	+ 2.10	+ 0.05
3	8.58	5.83	6.40	5.47	+ 2.18	+ 0.36
4	7.39	4.84	5.71	4.19	+ 1.68	+ 0.65
5	7.88	5.27	5.93	5.42	+ 1.95	- 0.15
6	8.25	6.05	6.02	5.50	+ 2.23	+ 0.55
7	6.23	4.70	4.63	4.56	+ 1.60	+ 0.14
8	6.31	5.27	4.56	5.04	+ 1.75	+ 0.23
9	7.14	5.43	6.14	5.08	+ 1.00	+ 0.35
10	6.24	5.56	5.54	4.73	+ 0.70	+ 0.83
11	6.91		6.29		+ 0.62	
12	5.96		5.76		+ 0.20	

Structure of Goods

The current situation, and particularly the immediate outlook for Czech-Slovak trade which ranks second behind the Federal Republic of Germany in overall Czech Republic foreign trade (and is multiples ahead of other territorial figures), however, demands that attention be primarily devoted to the structure of goods involved in this trade.

The necessity to analyze Czech foreign trade as to its more detailed goods structure is becoming ever more significant for purposes of strategic decisionmaking, and particularly in the situation when, to facilitate the full functioning of the economy under market conditions, it is essentially important to elevate the role of exports and imports in the economy of the Czech Republic. This applies across the board and still more clearly from the standpoint of the structure-creating function of foreign trade in the Czech economy, particularly in the area of industry and agriculture.

The trend, which is moving in the direction of bringing the values of imports and exports closer together, is being realized for the time being in 1994 at the price of a further decline in mutual trade (a decline by an additional 18.1 percent for the period January through October 1994, so that it can be approximately estimated that, at the present period, sales are moving at a level which is approximately one-third lower than was the case in the final year of existence of the joint state). The trend is more moderate, particularly on the side of Czech imports (a decline by 10.9 percent), and embodies the hope of gradual stabilization. As indicated by some symptoms, this could show up even on the side of Czech exports to the Slovak Republic (for the time being, for the period January through October 1994 exports declined by 23.7 percent) under conditions under which an across-the-board balance in the balance of trade is shaping up. This is true particularly if the positive balance of the balance of trade shown in the Czech Republic with respect to the Slovak Republic at the level of Kc5.5 billion for a 10-month period (as compared with Kc16.2 billion in a comparable period for 1993) excludes the balance of indirect reexports at a level of Kc6.7 billion in favor of the Czech Republic (exports from the Czech Republic to the Slovak Republic of goods originating in third countries worth Kc8.4 billion; imports by the Czech Republic from the Slovak Republic of goods originating in third countries worth Kc1.7 billion). These reexports significantly change not only the overall characteristics, but undoubtedly even the structural characteristics of this trade.

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The development of the structural situation is understandably characterized by the import surcharge (in addition to the devalued Slovak koruna) the validity of which will be preserved even for 1995 and which primarily acts to lower the previously high negative balance to the detriment of Slovakia, particularly in regard to goods destined for personal consumption (SITC [Standard International Trade Classification] groups 0 and 8).

The overall view of the changes in the composition of Czech exports and Czech imports involved in trade with the Slovak Republic can be seen in Table 2 which contrasts the situation in 1993 and the first 10 months of 1994.

Table 2
Composition of Goods Involved in Foreign Trade Between the Czech Republic and the Slovak Republic
(in percent)

	Exports, Czech Republic to Slovak Republic		Imports, Czech Republic From Slovak Republic		Coverage of Exports by Imports	
SITC Product Groups	1993	1994 (first 10 months)	1993	1994 (first 10 months)	1993	1994 (first 10 months)
0 + 1 + 4—Foodstuffs raw materials and foodstuffs	11	9	7	8	52	78
2 + 3—Inedible raw materials and fuels	12	12	11	10	68	79
5—Chemicals	12	15	14	16	91	96
6—Industrial goods (by type of material used)	25	27	34	37	105	124
7—Machinery and transport media	27	27	24	19	68	65
8—Various finished products	12	10	10	9	62	78
Total 0-9	100	100	100	100	78	90

These data can be still further augmented by a structural cross section which characterizes the weakening position of Slovakia as a sales market for Czech industry, as well as a supplier of products to the Czech market—a weakening which involves the principal groups of products (see Table 3).

Table 3
Changes in the Position of Individual Product Groups in Foreign Trade Involving the Czech Republic and the Slovak Republic (in percent of overall exports/imports by the Czech Republic in terms of individual product groups)

	Exports, Czech Republic to Slovak Republic		Imports, Czech Republic From Slovak Republic	
SITC Product Groups	1993	1994 (first 10 months)	1993	1994 (first 10 months)
0 + 1 + 4—Foodstuffs raw materials and foodstuffs	28.0	23.0	15.7	13.3
2 + 3—Inedible raw materials and fuels	21.4	14.6	11.5	9.5
5—Chemicals	27.8	24.9	20.3	17.0
6—Industrial goods (by type of material used)	17.8	14.4	36.6	32.5
7—Machinery and transport media	21.0	16.7	11.2	6.3
8—Various finished products	20.6	11.9	14.3	11.1
Total 0-9	21.5	16.0	17.5	14.3

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Consumer Goods

Trade involving consumer goods is concentrated in the group of foodstuffs raw materials and foodstuffs (SITC 0 + 1 + 4) and in the group of finished products (SITC 8), where, as far back as 1993, there still existed a high predominance of Czech exports over Czech imports (as can be seen from Table 2) which had a significant influence (43 percent) on the overall positive balance of trade between the Czech Republic and the Slovak Republic. Here, the anticipated reaction is taking place (including the influence as a consequence of the introduction of the import surtax), that is to say, a weakening of Czech exports to the Slovak Republic. This is reflected in a decline of the share occupied by consumer goods from 23 percent in 1993 to 19 percent in 1994 in Czech exports; the share in Czech imports remained virtually unchanged at 17 percent. At the same time, the ratio between the value of Czech exports and the value of Czech imports changed from 100:61 in 1993 to 100:78 (for the period January through October 1994).

In the case of foodstuffs raw materials as well as foodstuffs, the decline in value of Czech exports can be estimated to amount to approximately one-third of its value in 1993. The substitution of Czech foodstuffs in the Slovak market occurred virtually without any problems. The principal components of Czech Republic exports were represented by dairy products, alcoholic beverages, chocolate, etc. The Czech Republic continues to be the predominant exporter to the Slovak Republic. The situation governing assortments in the domestic markets of both countries (including long-term consumer customs), under conditions where the imbalance is mitigated, could most likely influence future development even in the direction of an overall increase in sales involved in this trade (supported by certain overall economic growth, but also by income and expenditure stratification among the population). However, for the time being the prerequisite will be a mutual closeness in the magnitude of exports and imports. In this connection, it is not possible to overlook the fact that the overall deterioration in the Czech Republic balance of trade involving the group of foodstuffs raw materials and foodstuffs from a positive balance of Kc1.9 billion in 1993 to a negative balance of Kc6.9 billion in 1994 (data always presented for a 10-month period)—by Kc8.8 billion, was influenced by the above-mentioned situation in trade involving Slovakia.

Similar development involving commercial exchanges is ongoing even within the group of various finished products (SITC 8), which represents primarily industrial consumer goods. With regard to the consumer goods (listed in this group of goods), it must be figured, however, that they will encounter greater problems than those consumer goods of a foodstuff nature, primarily as a consequence of a rapidly growing worldwide competition in domestic markets. In any event, it is possible to anticipate a continuing trend toward mutual balancing in trade. The possibility of a renewed increase in mutual sales involving products of the light industry must, therefore, be judged with skepticism. This is all the more true since mutual trade was represented particularly by products of the textile and ready-to-wear industry, the footwear industry, the furniture industry, etc.

According to data available from the Slovak Republic for the period January through September 1994, there were some even more express changes in mutual trade within the group of consumer goods. This relatively radical change is characterized by data on exports and imports of the Slovak Republic in relationship to the Czech Republic, as listed in Table 4.

Table 4
Changes in Consumer Goods Trade
(changes in percent for first nine months of 1994 compared with a comparable period of 1993)

SITC Product Groups	Exports, Slovak Republic to Czech Republic	Imports, Slovak Republic From Czech Republic	Remarks
0—Foodstuffs and live animals	122	70	Positive data in favor of Slovak Republic in SITC group 0 products are virtually balanced by negative data in SITC groups 1 and 4
1—Beverages and tobacco	142	89	
4—Oils and fats	137	114	
8—Various industrial products	99	75	Proportionally high positive data in favor of Slovak Republic (compared with balanced figures for 1994)

Source: Bulletin of the Statistical Office of the Slovak Republic, No. 9, 1994.

Engineering Products

Trade in engineering products, which, from the standpoint of the interests of Czech industrial enterprises as well as from the standpoint of further development of mutual economic relations between the Czech and Slovak Republics should be playing an important role which is hardly replaceable by other products, is also recording a decline. A decline is being recorded both by Czech exports and also imports. This has given rise to a situation in which 21 percent of overall Czech engineering product exports in 1993 were oriented toward the Slovak market; in 1994 (January through October),

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this figure was only 16.7 percent. Similar developments are characteristic even for Czech imports—in 1993, of the overall volume of Czech engineering product imports, imports from the Slovak Republic amounted to 11.2 percent and declined to a mere 6.3 percent for the period January through October 1994).

Exports of products of the transportation engineering industry, represented primarily by automobiles, motor vehicles for the transportation of goods, accessories for automobiles, railroad cars (according to data for the first half of 1994 only, these products represented more than 6 percent of overall exports to the Slovak Republic), occupy a significant share in Czech exports; a substantial share was also occupied by the export of bearings. In Czech imports from the Slovak Republic, significant positions were occupied also by coproduction deliveries in the area of motor vehicles (particularly accessories for motor vehicles) and consumer equipment (electric and mechanical devices for the household, television receivers). The Czech export of machinery is far more diversified than is the import of machinery.

Howsoever, in addition to being influenced by the coming into being of two countries and the transfer of economic relationships into the sphere of foreign trade, trade involving engineering products is also influenced by the convergence of additional factors impacting upon both sides. These include weak investment activity, primarily in engineering investments (modernization of mechanical equipment and production technologies), a decline in armaments production, competition by foreign firms, the problem of credit involvement, etc. But the representation of engineering products in the volume of mutual trade cannot be considered to be optimal, particularly where the development of engineering trade is involved.

Raw Materials and Fuels

Trade in raw-materials (inedible raw materials) and fuels (SITC groups 2 + 3), given the bilateral restriction of native sources, is hardly able to undergo more significant development; it will, more likely, continue to mutually augment requirements with a tendency toward a balance (which can be affected, even at the present time, by the predominant clearing system which is in effect with respect to trade with the Slovak Republic). In Czech exports, the most important position is occupied by coal, briquettes, and coke; in Czech imports, it is petroleum products and timber.

And in analyzing the structure of mutual trade (even at the level of the mezzo-structure, represented by SITC product groups 0-9) significant problems arise which disappear when viewed on a global scale. This is true, for example, of the fact that, according to data provided by Slovak statistics for January through September 1994, 43 percent of total Slovak exports of fuels (SITC group 3) were directed to the Czech Republic (with a significant representation of petroleum-based oils).

Chemicals

Trade in chemicals (SITC 5) is maintaining and slightly improving its position in mutual trade, is accounting for a relatively high share in the overall volume of Czech chemical exports (for the first 10 months, virtually one-fourth), so that it represents an important export component. It also shares with relative significance (17 percent) in covering the overall import needs of the Czech Republic. Moreover, this trade is showing relatively close magnitudes for exports and imports, so that it is not impacted by the effort to create a balance in this fragmentary portion of the balance of trade.

In this connection, it is necessary to note that Slovak statistics list only a relatively express growth in trade turnover involving these products in its trade with the Czech Republic, but also record a positive balance based on this goods exchange.

The above trends, in fact, reflect and reproduce the previous positioning of chemical products in trade between the Czech and Slovak Republics, something which is clearly seen in the relatively significant trade involving pharmaceuticals, coating materials, cosmetics, plastics, etc. Under present conditions, when this mutual trade is essentially showing the most favorable characteristics in comparison with other product groups, it would be desirable for additional bilateral growth to take place.

Industrial Goods

The group of industrial goods, segregated by type of materials used (SITC 6), represents trade involving products of a structural character or semiproducts intended for further industrial processing. In this group, a dominant role is played by products of ferrous and nonferrous metallurgy, fibers and fabrics, products of the paper industry, building materials, etc. Mutual trade involving these materials is not only the most significant, but has improved its position still further, a fact which is confirmed by data from both Czech and Slovak statistical sources.

Even in the case of these products, it is a case of primarily preserving relationships which existed in the past and which were under the strong influence of the former deployment of production facilities. But, at the same time, it must be noted that the high degree of representation of these products (according to data provided by the Czech Republic, their share in exports to the Slovak Republic amounted to 27 percent and 37 percent in terms of imports from the Slovak Republic—according to data provided by the Slovak Republic, their share in overall exports to the Czech Republic amounted to 36 percent and 30 percent in terms of imports from the Czech Republic) is, in fact, the strongest of the mutual trade positions and is, to a significant extent, the consequence of weakening in trade involving the other product groups, particularly products involving high degrees of processing. This is clearly the negative side of the above-listed facts.

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Another important characteristic of mutual trade involving this group of products is the negative balance to the detriment of the Czech Republic (which is, to a great extent, covered by the positive activities of the Czech Republic in other fragmentary products balances). This relationship can be considered as being favorable, particularly in the overall structural connections. Gradually, however, it must be noted that it is precisely this important product group that lacks the capability for expanding Czech-Slovak trade.

This is particularly true in terms of a deeper view into the specific structure and considering the possible transition of both economies to a clearly growth-type phase. Sales (exports) of these products will encounter, on the one hand, competition from exports to other world or European territories and, on the other hand, will most likely encounter competition from domestic requirements of the processing industry. Even absent a deeper analysis (primarily an analysis of the opportunities to increase production capacities), it is possible to articulate the opinion that additional significant growth in mutual trade in these products is hardly realistic in the immediate future.

Specifically, both in terms of Czech exports to the Slovak Republic and also in terms of imports from the Slovak Republic, the strongest position is occupied by products of the metallurgical industry (primarily rolled products), and in this area there is a predominance of imports over exports. Additional important components are textile fibers, paper and cardboard, refractory materials, nonferrous metals (aluminum, copper), glass, glassware, building materials, etc.

Revitalization—But Not a Conspicuous One

The long-term decline in mutual economic relations between the Czech and Slovak Republics which occurred as early as the final years of the existence of the common state, was—as already mentioned at the beginning of this article—determined by the overall economic decline. After the two independent countries came into being, however, it was intensified, judged by focusing on the parameters of GDP development in both countries, but also in view of the parameters of overall development of their foreign trade activities. This situation reflects both objective and also subjective reasons. The reduction of mutual trade volume, which is estimated just for the last two years at being virtually one-third, however, represents a significant restriction of foreign markets for producers both in the Czech and also in the Slovak Republic.

Certain symptoms which might indicate improvement in this trend, however, are still not as palpable as to provide a guarantee of renewed growth in mutual trade for the period of the anticipated advent of overall economic revitalization, both in the Czech Republic and also in the Slovak Republic. Such an estimate would be overly optimistic; it is more likely possible to incline toward the fact that the GDP of the Czech Republic in 1995 will be approximately 4 percent higher than it was in 1992; the same indicator for the Slovak Republic will be moving at around the level of 1992, but the mutual trade volume (on the basis of current prices) could be as much as two-fifths lower in 1995 than it was in 1992.

To improve the situation (or rather the above-listed estimate), it would be necessary to expressly intensify the effect of factors which can be designated as being subjective and which are also used by Western firms in expanding to Eastern markets (this is already a matter of the clear presentation of producers in the market).

[Box, p 28]

Milos Straka, Ministry of Industry and Commerce of the Czech Republic: Reexports—A Statistical Problem

Foreign trade between the Czech Republic and Slovakia has some specific characteristics given primarily by historical developments.

In the former Czechoslovakia, when trade or rather deliveries between the Czech Republic and the Slovak Republic were of an intrastate trade nature, certain flows of goods were established, even where these goods were imported. A significant portion of these flows was formed by goods imported by Czech foreign trade enterprises for domestic consumers living in Slovakia. The volume of these deliveries was many times higher than the opposite case—that is to say, imports accomplished by Slovak importers for the benefit of Czech consumers. However, since the coming into being of independent states, these trade transactions have become reexport operations and exert a specific influence on the volume of mutual trade.

For the period January through October 1994, all Czech reexport transactions, according to data provided by Slovak statistics, amounted to a total of 19.8 billion Slovak korunas [Sk], that is to say, approximately Kc16.8 billion, whereas Slovak reexports to the Czech Republic, based on data provided by the Czech statistics, amounted to Kc3.4 billion (the data involving all reexport transactions—either direct or indirect—can be ascertained only from the statistics of the importing country).

Czech export figures include only indirect reexports (that is to say, operations in which a Czech firm imports purchased goods from abroad to the Czech Republic where these goods are released into free circulation and are subsequently exported to the Slovak Republic), which, for the period January through October, amounted to approximately Kc8.4 billion. Slovak indirect reexports amounted to approximately Kc1.7 billion.

Another important factor involves commercial operations which are listed in the exporting country as exports (goods were there released to the export regime), but are not listed in the importing country as imports, because

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the goods were not released to free circulation there, but rather subject to different customs designations (for example, storage in a customs warehouse, temporary utilization, reprocessing, etc.). This procedure is generally applicable, because every country records commercial operations in its statistical reports in the manner in which they were accomplished on its territory, that is to say, into which customs regime the individual deliveries were directed. On the Czech side, these commercial transactions amount to a total of Kc5.8 billion; on the Slovak side, we estimate them to be at Kc1.7 billion.

These factors are very important in viewing our balance of trade with Slovakia, which, for the period January through October, achieved a positive value of Kc5.5 billion. In trading goods of Czech or rather Slovak origin, the Czech Republic is this year showing a highly negative amount (Kc10.6 billion) and this is primarily the consequence of the devaluation of the Slovak koruna with respect to the clearing ECU [European Currency Unit] and additional restrictive measures taken by the Slovak side. In 1993, the balance in trading in Czech or Slovak goods was generally in balance and all Czech positive balance amounts were accounted for by our indirect reexports to the Slovak Republic and Slovak exports which were not designated by customs authorities as imports in the Czech Republic.

Czech and Slovak data on mutual trade are significantly different for the above reasons, but, in principle, are substantively correct. In the CVEV analysis, use is naturally made of Czech data which include our indirect reexports on the export side, which amount to approximately 16 percent of the exports to the Slovak Republic, and, thus, significantly influence not only the overall volume, but also the goods structure of the trade involved.

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Berisha, German President Herzog Hold Talks

AU2802175895 Tirana Radio Tirana Network in Albanian 1430 GMT 28 Feb 95

[Report by Zamira Koleci]

[FBIS Translated Text] Roman Herzog, president of the Federal Republic of Germany, and his wife arrived aboard a special plane at Rinas airport today. Herzog was cordially received here by President of the Republic of Albania Sali Berisha and his wife.

At the time of German President Herzog's arrival, both presidents declared:

[Begin Berisha recording] ...in the friendly relations between our two countries. I am convinced that this visit will give a new and strong impetus to the friendship and cooperation between Albania and Germany, and Albanians and Germans. This is a great encouragement and support for Albania. [end recording]

[Begin Herzog recording in German with superimposed Albanian translation] We very much hope that the Albanian people who are living in a time of peace and friendship will come to Europe, as we are on the same continent and, together, we should try to extinguish conflicts and abolish borders. We will be very happy if Albania is integrated into Europe. [end recording]

These were the words with which the German president addressed reporters at the moment of his arrival.

After the casual ceremony, the national anthems of both countries were played and the honor guards paraded. Then Herzog met other high-level Albanian authorities—Prime Minister Aleksander Meksi, People's Assembly Presidency Deputy Chairman Tomorr Malasi, and other members of the government, presidency, and Foreign Ministry.

Talks were then held at the presidency. At this meeting, President Berisha was accompanied by Foreign Minister Alfred Serreqi, State Secretary Selim Belortaja, and his associates, while German President Herzog was accompanied by Dieter Kastrup, state secretary at the German Foreign Ministry, and his associates.

After talks lasting 45 minutes, a joint cooperation statement was signed in one of the presidency halls in the presence of both presidents and the other members of the two delegations. The statement, signed by Minister Serreqi and State Secretary Kastrup, determines Albanian-German cooperation in the political, economic and cultural fields. Both sides agreed that the current conflicts in former Yugoslavia be brought to an end soon, including a solution to the Kosova issue.

The statement confirms a joint obligation to the consolidation of peace, stability, and security in Europe. Germany supports the expansion of Albania's relations with the European Union and will make efforts for our country's association in the European Community and its membership of the Council of Europe. The statement, which took effect at the moment it was signed, determines the fields of economic cooperation at various levels, assesses the activity of the governmental economic joint commission of the two countries, and defines a support to our country in investments, infrastructure, and other fields, including cultural-artistic activities.

Greeting the statement, Berisha and Herzog assessed the signing of this document to be a basis that offers close cooperation and stated that this is a symbol of great importance.

TV Reports on Friendship Treaty With Germany

AU0103122995 Tirana TVSh Television Network in Albanian 1900 GMT 28 feb 95

[FBIS Translated Text] After the Berisha-Herzog meeting, a joint statement was signed between the Republic of Albania and the Federal Republic of Germany on the foundations of their relations, which has the value of a friendship and cooperation treaty between the two countries.

The statement was signed in the presence of Presidents Berisha and Herzog by Foreign Minister Alfred Serreqi and Dr. Dieter Kastrup, state secretary at the German Foreign Ministry.

The statement stresses that Albania and Germany are guided by the desire to develop overall relations of friendship and cooperation and give them a new quality, as both countries are convinced of the need to build a new Europe, united in its common values, and transform it into a continent of peace, stability, security, and cooperation.

In the statement, both countries are committed to respecting the OSCE [Organization on Security and Cooperation in Europe] principles and support all efforts to respect these principles in order to put an early end to the current conflicts in the former Yugoslavia. This also includes a solution to the Kosova issue.

Both sides confirm in the statement a common obligation toward consolidating peace, stability, and security in Europe and are committed to respect the principles of a law-governed state and human rights.

The statement confirms the readiness of both sides to cooperate in the framework of the North Atlantic Cooperation Council and to participate actively in NATO's Partnership for Peace program. The statement stresses the necessity to continue the disarmament process and respect for the OSCE control documents.

Both sides underline the decisive role of the EU in the process of Albania's political and economic approach toward Europe. Germany pledges support with all its forces for the further expansion of Albania's relations with the EU and to promote dialogue between Albania and the Western European Union, as well as Albania's

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early membership of the Council of Europe. Both sides are committed to holding consultations on diverse issues at various levels, as well as paying special attention to strengthening friendly relations, cooperation, and contacts among parliaments and social and political organizations, as well as free contacts among citizens.

Both sides attach special importance to the development of bilateral economic cooperation and the functioning of the Joint Commission for Economic, Industrial, and Technical Cooperation. The statement stresses that Germany will continue to support Albania with instruments of technical and financial cooperation in order to create a future based on a market economy.

Both sides stress the importance that economic activity program has in increasing cultural cooperation in all fields, including education, science, and the teaching of German, and in promoting cooperation in the fight against crime, as well as among scientific and educational institutions, parties, trade unions, and young people, concludes the joint statement signed today between Albania and Germany.

Parties Present New Alternative on Constitution

AU2802202195 Tirana Radio Tirana Network in Albanian 1430 GMT 28 Feb 95

[FBIS Translated Text] A joint communique has been published today issued by the Social Democratic Party, the Socialist Party, the Democratic Alliance, and the Human Rights Union. These parties present a new alternative project on the constitution of Albania. It is known that representatives from these parties, as well as a group of specialists in the field of constitutional law, have long discussed this project.

The joint communique points out that these four political forces have called for cooperation on this project with other parliamentary forces, such as the Democratic Party, the Republican Party, the Democratic Party of the Right, or other political forces in the country.

Meanwhile, the Democratic Party's stance regarding this problem is quite well-known, after the opinion Tritan Shehu voiced to Radio Tirana four days ago deeming the efforts of these four political forces illegal. The stance of the Democratic Party of the Right, which believes the current parliament impotent to draft a new constitution for Albania, is also known.

The Republican Party has been party to the preliminary meetings to draft this project, but it withdrew later because this major issue was treated in the prism of a political game.

However, the latest political party stance is expected regarding the new alternative project that is made known publicly today by the Social Democratic Party, the Socialist Party, the Democratic Alliance, and the Human Rights Union.

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Defense Minister Views Cooperation With Greece

AU0103122595 Sofia BULGARSKA ARMIYA in Bulgarian 22 Feb 95 p 1, 3

[Athens TA NEA interview with Bulgarian Defense Minister Dimitur Pavlov by an unidentified correspondent; place and date not given: "Factors That Link Us Are More Numerous Than Factors That Divide Us"]

[FBIS Translated Text] [TA NEA] What does the change of government in Bulgaria mean for Greek-Bulgarian relations? What are consequences of this change for your country's defense strategy?

[Pavlov] The visit to Bulgaria of my counterpart, Mr. Yerasimos Arsenis, minister of national defense of the Republic of Greece, is the best proof that if the new government in Bulgaria has indeed effected any changes in Bulgarian-Greek relations, then they could only be in the direction of further developing and strengthening our relations. Relations between our two countries are the basic prerequisite for Balkan stability and it is logical to develop them in an ascending manner, without violating the interests of other countries in the region. The factors that link the Balkan states are much more numerous that those that divide them. This especially applies to relations between countries like Bulgaria and Greece, which have an ancient common history and fate. History has clearly demonstrated the damage caused by creating a dispute between our states and placing them in opposing alliances.

We are often urged to march along the road to Europe, but we have been in Europe for centuries. Indeed, forming the European civilization, to which Greece gave the name "democracy," began in our lands. Whenever there has been understanding between our countries, each of them had a greater weight in Europe's political life.

I am convinced that the two countries' governments will do what is necessary to give our relations even more impressive and specific dimensions, including in the sphere of defense. I do not believe that the change of government in our country will be reflected in Bulgaria's defense strategy, because there are no significant differences on the main defense issues between the basic state institutions and political forces. They all support our integration into the European security structures and oppose repeating the bloc controversy and Bulgaria's unequal and unilateral commitment to one bloc. In addition, they all adhere to Balkan states' equal relations and friendship. There is no change in our defense's goal—to defend and preserve the independence, sovereignty, and territorial integrity of the Republic of Bulgaria. I also see no significant differences in the attitudes toward the army as an all-nation institution and one of the means of implementing our defense strategy.

What has changed and will continue to change is the assessment of the various threats to our national security and notions related to concepts such as "enemy," "ally," "strategic rear," and so forth. In the future we would like to deal more often with the concept of "partnership."

Our defense strategy no longer views any specific state as a threat to our national security.

Our defense strategy will continue to rely on halting and repelling any possible aggression through conventional means, with a view to creating favorable conditions of further regulating the conflict by peace talks. Bulgaria will not strive toward military superiority over its neighbors and it would be wonderful if this became a common line of behavior of all the Balkan states.

At present, we are concerned about the serious imbalance in the Balkans to the detriment of Bulgaria. We shall continue to adhere to the Conventional Armed Forces in Europe Treaty, but we will insist on closing this treaty's loopholes, which allow for secretly increasing military strength under the pretext of modernizing arms. Having said this, we by no means deny the right of states to replace obsolete weapons, to develop their defense industry, and so on, without thus developing a new arms race cycle.

[TA NEA] What could Bulgarian-Greek cooperation contribute to achieving stability in the Balkans? In this context, how do you assess Minister Arsenis's visit?

[Pavlov] To our joint regret, the military-political situation in the Balkans is becoming ever more complicated.

The contradictory and complex restructuring of the ethnic state order in our Balkan region and the attempts to resolve these problems through military means prompt us to direct our efforts mainly toward bilateral relations with the Balkan states in the military-political sphere. I think that today this is the only realistic formula to overcome the regional conflicts and increase confidence in international relations.

In this context, the military-political partnership between Bulgaria and Greece is an important component of the Balkan and European security system and, therefore, the issue is in the focus of the Bulgarian military diplomacy's attention.

We have great common achievements in this sphere. We have signed four important bilateral documents in the military-political sphere. This sets a precedent in our military cooperation and is an example of the practical possibilities of bilateral cooperation in the military-political and technical spheres, aimed at strengthening our states' security. I daresay that partnership within the framework of Bulgarian-Greek military contacts is not aimed against any third state, but facilitates the highly noble goal of establishing relations of friendship and partnership among the Balkan states, which is of great importance for us and conforms the changes that are taking place in the Balkans, Europe, and the world.

In the spirit of this idea we are prepared for the next step: to host a meeting of the Balkan ministers of defense, with

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the participation of my counterparts from Greece, Turkey, and Romania. At such a meeting we could discuss the risk factors in our confidence and security and use joint efforts to find the roads toward gradually eliminating them.

As for the second part of your question, the visit of my counterpart Yerasimos Arsenis is important and we know that it will be a new step toward strengthening military-political cooperation and security. The fact that Mr. Arsenis will be received at the highest state and church levels indicates the importance that we attribute to the visit.

[TA NEA] What cooperation do you expect from Greece in facilitating a more essential Bulgarian participation in the Partnership for Peace initiative?

[Pavlov] In addition to strengthening goodneighborly relations between our countries and establishing an atmosphere of confidence and openness by effecting military cooperation with Greece—a NATO member-state—Bulgaria is doing practical work towards achieving another important goal: strengthening our relations with NATO. In this context we attribute special importance to the participation of the two countries in joint maneuvers and enterprises along the Partnership for Peace lines. Specifically for 1995 within the framework of this program, we are planning for one Bulgarian company to participate in a ground troops exercise in the Peloponnese Peninsula in Greece and a bilateral exercise in the border zone, related to the struggle against natural disasters. We expect Greek vessels to take part in the Breeze '95 multinational naval exercise, which will take place in our territorial waters in the spirit of partnership.

We are ready and willing to respond positively to every Greek initiative for cooperation within the framework of Partnership for Peace that could be beneficial to both states.

[TA NEA] How do you view the modernization of the Bulgarian Armed Forces? In what area do you think the most useful cooperation between Bulgaria and Greece could develop?

[Pavlov] We are approaching this issue with the clear understanding that our country needs a sufficient deterrent potential against any possible threat, rather than a potential to threaten some of our neighbors. In accordance with the Conventional Armed Forces in Europe Treaty and the military defense doctrine that has been adopted, and after a profound analysis of the state and qualitative characteristics of our arms and combat equipment, we prepared "The Basic Trends of Modernizing and Rearming the Bulgarian Army Until 2001." This document notes the conditions under which we will approach the modernization of our army. The leadership of the Bulgarian Ministry of Defense views modernization as one of the basic means of maintaining the country's necessary and adequate military potential.

In addition to improving the basic combat characteristics of our arms, the modernization aims at extending the period of using our arms while keeping financial expenditure to a minimum. Thus we will facilitate the financing of the program on rearming the Bulgarian Army.

The arms that would have the basic role in our defense strategy will be subject to modernization. They includes armored vehicle and tank equipment, artillery weapons, general communications devices, engineering, naval, and rear equipment, and so forth.

Against the background of the limited military budget that we will have at our disposal during modernization, we will give priority to products of our defense industry and to joint production of combat equipment with other states.

Bulgaria and Greece have well-developed defense industries that could serve as a material foundation for further strengthening military cooperation between our countries and armies. I think that our bilateral cooperation could develop in the following directions: modernizing the combat vehicles and the armored carriers of the Ground Troops; improving guided artillery systems; adapting our arms and equipment to NATO standards; maintaining and repairing armored carriers, transportation, and antimissile systems, and so forth.

The joint use of firing ranges with antimissile complexes has also emerged as a potential direction for cooperation.

[TA NEA] How do you assess joint exercises involving Bulgaria, Romania, and Greece within the framework of the Partnership for Peace program?

[Pavlov] The fact that Bulgaria joined the Partnership for Peace initiative is an expression of the intention of the Republic of Bulgaria to defend and develop universal democratic values and it represents a new stage of expanding our relations with NATO. In this context, our state intends to conduct a policy of constantly expanding and strengthening its participation in the Partnership for Peace program.

In 1994 many activities involving units and forces from the two countries' Armed Forces took place within the framework of the program and in the spirit of partnership. The Border-94 command-staff exercise took place on the territory of Greece and involved the staffs of the 11th Ground Troops Division-Kavala, and the 3d Motorized Infantry-Blagoevgrad. Issues related to extinguishing forest fires in the border zone have been dealt with.

In addition, the Breeze '94 multinational naval exercise took place in the Black Sea. The subject that it dealt with was "Protecting Defense Systems and Humanitarian Aid Convoys Under UN Auspices." Vessels of the Bulgarian Navy, the Greek Deyanis P-26 and Xenos P-27 vessels, and the vessels of Romania and five additional countries took part in the exercise.

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Units of the Greek Navy took part in the Naval Partner-94 exercise within the framework of the Partnership for Peace program.

The experience we accumulated at those exercises proved their usefulness in increasing the adaptive capability of the troops in anything related to participating in future all-European security and defense forces and in the UN and Organization on Security and Cooperation in Europe peacekeeping operations.

In 1995 Bulgaria is prepared to participate actively in jointly planning, preparing, and conducting exercises within the Partnership for Peace program, related to the struggle against natural disasters, humanitarian enterprises, preventing airborne drug trafficking in the border zone, and so forth.

Important naval exercises will be held. These include the Breeze '95 exercise in August, the visit of Bulgarian vessels to the port of Piraeus, and the Cooperative Partner-95 naval landing exercise in the Black Sea within the framework of the Partnership for Peace program in September.

I think that all this in a practical way contributes to further strengthening our bilateral military cooperation, facilitates greater transparency in the military sphere, and strengthens confidence and security in the Balkan region.

Purchase of U.S. F-16's 'Highly Unlikely'

AU2402183295 Sofia KONTINENT in Bulgarian 21 Feb 95 p 2

[FBIS Translated Excerpt] Sofia—It is highly unlikely that Bulgaria will buy U.S. F-16 fighters, Air Force experts told KONTINENT yesterday.

The U.S. offer to sell such aircraft to East European countries marks the introduction of a new military standard, an officer in the Air Force Command said. Bulgaria's scanty military budget does not permit such purchases, a Defense Ministry source added.

The United States is ready to sell advanced weapons to the East European countries, U.S. Secretary of Defense William Perry stated in Poland, according to REUTER. Perry is reported to have specifically mentioned F-16 aircraft. Officials of the U.S. Administration listed the names of 10 countries, of which Bulgaria was one.

Bulgarian Air Force experts said that such an innovation would be a new precedent that would require a different organization of labor and funds in the Bulgarian Air Force, which has traditionally armed itself with Russian hardware.

KONTINENT has learned that an offer to sell F-16 aircraft was made to Bulgaria as long as four months ago. During the talks, mention was made of secondhand aircraft from the so-called residual reserve that had just completed major overhauls. The suggested price was between $12 and $16 million.

According to FLIGHT INTERNATIONAL, new F-16's manufactured under U.S. license in Turkey cost about $32 million apiece. Turkey reportedly started production of F-16's not only with the idea of updating its own Air Force, but also with the intention of selling them on the world aviation market at comparatively low prices.

At the moment, Bulgaria is showing interest in Western turboprop aircraft that specialists believe can be used for training purposes. They are preferred because of their low operating costs. A 40-minute training flight in a MiG-29 is supposed to cost 160,000 leva. The Bulgarian military are also reported to have discussed the possible purchase of the U.S. C-130 transport aircraft. [passage omitted]

A former Bulgarian diplomat commented that, in the context of Bulgarian participation in the Partnership for Peace initiative, a desire by the Bulgarian military to purchase F-16 planes would be interpreted as a sign of good intentions and provide a good basis for the future negotiations on joining NATO.

"The United States and NATO do not divide countries into first and last as far as joining the pact is concerned, but a decision will be adopted in each specific case according to the conditions and the desire to join," Defense Minister Dimitur Pavlov said on his return from the United States on 16 February.

The latest MiG-29M version and the F-16 are said to be similar types of aircraft. This is why Germany has kept an air base equipped with MiG-29's from the former GDR [German Democratic Republic]. However, the F-16 is suitable for more military applications than the narrowly specialized Russian planes.

The costs of maintaining the two types differ substantially, however. Even if acquired at half price, the F-16's will turn out to be more expensive than the new MiG-29, because of the expense of developing a new structure and organization. Equipping an air base with F-16's would involve immense expenditure on training pilots, flight engineers, and maintenance personnel and on buying spare parts.

Regulations on Secrecy, National Security Service

95BA0113A Sofia DURZHAVEN VESTNIK No 5 in Bulgarian 13 Jan 95 pp 1-4

[Council of Ministers Resolution No. 324, dated 28 December 1994]

[FBIS Translated Text] ***Council of Ministers decree on the adoption of a regulation on the activities of the National Security Service on securing the protection of strategic targets and activities and keeping state secrets in the Republic of Bulgaria.***

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Council of Ministers Resolution

Only Article.

Adopts the regulation on the activities of the National Security Service on ensuring the safeguarding of strategic targets and activities and keeping state secrets in the Republic of Bulgaria.

Transitional and Final Stipulations

Article 1

1.1. Within one month of the enactment of this regulation, the minister of internal affairs shall adopt a regulation on the organization and control of recording relative to the safeguarding of state secrets in the Republic of Bulgaria, published in DURZHAVEN VESTNIK [DV].

1.2. Article 2 of Resolution No. 30 of the Council of Ministers of 1980 on improving the organization of safeguarding state secrets in the Bulgarian People's Republic (unpublished) becomes invalid as of the day of publication of the Regulation on the Organization and Control of Recording the Safeguarding of State Secrets in the Republic of Bulgaria.

Article 2

The following are deleted:

2.1. Decree No. 61 of the Council of Ministers of 1991 on safeguarding open and confidential documentation generated in the Republic of Bulgaria (DV, No. 31, 1991).

2.2. Decree No. 210 of the Council of Ministers of 1994 on establishing units in charge of security and safeguarding facts, information, and objects constituting state secrets of the Republic of Bulgaria (DV, No. 84, 1994).

2.3. The present resolution shall be enacted on the day of its publication in DURZHAVEN VESTNIK.

Prime Minister: Reneta Indzhova

Council of Ministers Chief Secretary: Andrey Delchev

Regulation Governing the National Security Service in Safeguarding and Protecting Strategic Objects and Activities and Safeguarding State Secrets in the Republic of Bulgaria

Chapter 1

General Stipulations

Article 1

The present regulation governs the conditions and procedures applicable to the following:

1. Ensuring the safeguarding of strategic objects and activities of importance to national security;

2. Issuing work permits for strategic sites and activities and access to facts, information, and objects qualified as state secrets.

Article 2

Strategic objects and activities of significance to national security are defined by the Council of Ministers by proposal submitted by the respective minister or head of department, coordinated with the director of the National Security Service.

Article 3

The safeguarding of strategic sites and activities of significance to national security includes:

1. Organization and control of the physical protection (guarding) of sites;

2. Information protection implemented through administrative, organizational, technical, and cryptographic measures.

Chapter 2

Ensuring the Protection of Strategic Sites and Activities of Significance to National Security

Article 4

4.1. State organs and organizations shall create units in charge of safeguarding and protecting facts, information, and objects qualified as state secrets of the Republic of Bulgaria.

4.2. The size and personnel of the security units shall be regulated by the Ministry of Internal Affairs.

4.3. Security unit personnel shall be officers of the National Security Service and the regional security services operating within state agencies and organizations.

Article 5

The organization and functions of security units shall be determined by the minister of internal affairs and the head of the respective ministry or department who shall issue joint instructions.

Article 6

The National Security Service shall assist and supervise nongovernmental agencies and organizations in the creation, organization, and functioning of the units for security and safeguarding of state secrets, which have been issued work permits to operate at strategic and vital sites or work with facts, information, and objects qualified as state secrets.

Chapter 3

Agencies, Conditions, and Procedure for Issuing Permits for Work at Specific Sites and Activities and for Access to Facts, Information, and Objects Qualified as State Secrets

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Section I

Competent Authorities

Article 7

Permits as per Article 1, item 2, shall be issued by the National Security Service and the respective regional security services.

Article 8

The respective chief of the regional security service must be informed of work performed at strategic sites and activities outside the territory for which a permit has already been granted.

Article 9

If personnel are dismissed from their position, the authorities of the National Security Service must be informed of the fact and given the reasons for the dismissal.

Section II

Conditions and Procedure for Issuing Permits

Article 10

10.1. Permits for work at strategic sites and activities and access to facts, information, and objects qualified as state secrets may be issued to individuals who meet the conditions of the regulation and for whom such a permit has been requested.

10.2. The stipulations of paragraph 1 shall equally apply to candidates as per the Labor Code and other legal acts.

Article 11

11.1. Permits as per Article 10 shall not be issued to the following:

1. Non-Bulgarian citizens or individuals claiming any citizenship other than Bulgarian;

2. Minors;

3. Individuals sentenced for malicious crimes of a general nature;

4. Those registered as per Article 30 of the Law on the National Police;

5. Individuals suffering from mental diseases, confirmed and documented in accordance with the proper procedure;

6. Individuals about whom data on endangering national security exists.

11.2. The stipulation of paragraph 1, item 1, shall not apply to personnel stipulated in Article 1, items 2 and 3, of the Regulation on Labor and Insurance Relations of Members of Diplomatic and Consular Missions of the Republic of Bulgaria.

Article 12

12.1. Proposals on the nomination and participation in competition of individuals who enter strategic sites or engage in strategic activities of significance to national security shall be agreed upon in advance with the security services of the regional internal affairs directorates. The request shall be submitted in writing, indicating the full name, address, uniform civil number, and position to be held by the applicant.

12.2. Within a 10-day period the security services must provide a written answer to the request.

Article 13

13.1. Following coordination with the National Security Service and the respective regional security services, the heads of ministries and other departments shall approve the list of positions allowing the individuals holding them to handle data and documents containing state secrets.

13.2. The list as per paragraph 1 shall be drafted according to a form issued by the National Security Service. Suggestions may be submitted for additions to the approved list and, in the case of major personnel changes or reorganizations, a new list shall be drafted.

Article 14

14.1. Requests for individuals approved to hold positions requiring the handling of materials containing state secrets shall be coordinated as follows: for ministries and other departments, with the National Security Service; for all other state agencies and organizations, with the regional security services.

14.2. Applicants for positions included in the list must be subject to coordination prior to their appointment or reappointment.

14.3. The heads of state agencies and organizations shall submit written proposals to the National Security Service or the respective territorial regional security service head, indicating the following:

1. The full name, address, and uniform civil number of the individual;

2. The position included in the approved list for which the candidate is nominated.

14.4. A photograph of the candidate must accompany the request.

Article 15

The following may handle secret materials without coordination: individuals directly elected by the voters; judges, prosecutors, investigators, and deputy investigators; ministers, heads of other departments, and their deputies; officials elected by the National Assembly and appointed by presidential ukase or Council of Ministers resolution; heads of the offices of the president and the

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vice president of the Republic, chiefs of cabinets of the prime minister, the deputy prime minister and the other ministers, the chief secretaries of ministries and other departments; advisers to the president and the vice president and advisers to the Council of Ministers; and the command personnel of the Armed Forces.

Article 16

16.1. Within a period of one month, the National Security Service authorities must answer organs and organizations that have submitted the names of their officials or nominees for handling materials containing state secrets according to the established procedure.

16.2. Before obtaining the written permission of the proper authorities, managers and other officials of the corresponding department have no right to inform officials or nominees for the corresponding position that their names have been submitted for handling data constituting state secrets or allow same individuals access to such data.

16.3. In assuming said positions, the managers must inform the officials of the penal liabilities for violating the stipulated procedures for the safeguarding of state secrets.

Article 17

The written refusal to issue permits for work at strategic sites and activities and access to facts, information, and objects constituting state secrets does not have to be motivated. It is not reported to the officials or the nominees for such positions.

Section III

Withdrawal of Permits

Article 18

18.1. The security organs that have issued the permits, as well as the director of the National Security Service and his deputies, may withdraw them as per the stipulations of Article 11.

18.2. Officials whose permit for handling materials containing state secrets have been withdrawn are offered positions other than those included in the approved list as per Article 13.

Chapter 4

Establishing the Degree of Secrecy of Documents Containing Information Qualified as State Secrets, and Procedure for Amending Them

Article 19

19.1. Secret materials and documents are those that contain data included in the list of facts, information, and objects qualified as state secrets of the Republic of Bulgaria, as adopted by the National Assembly.

19.2. In accordance with the list adopted by the National Assembly, state agencies and organizations shall draft specific lists of facts, information, and objects constituting state secrets within the system of the respective organ or organization, based on the degree of secrecy.

Article 20

20.1. The secrecy classifications are the following:

1. Strictly secret of particular importance;

2. Strictly secret;

3. Secret.

20.2. No other secrecy classification or terminology is allowed.

Article 21

21.1. The degree of secrecy is determined by the executor and the respective head signing the document, on the basis of the list of facts, information, and objects qualified as state secrets of the Republic of Bulgaria.

21.2. Secret materials obtained from other organs and organizations shall be transferred and preserved on the basis of the degree of secrecy assigned to them. Changes in the degree or the publication of such documents as nonsecret is allowed only with the written agreement of the issuing head of organization.

Article 22

22.1. The heads of state agencies and organizations may amend (increase or lower) the degree of secrecy of documents if the level is inconsistent with the list of facts, information, and objects qualified as state secrets of the Republic of Bulgaria.

22.2. If documents are recorded as secret but do not contain data qualified as state secret, the respective head may declare them nonsecret on the basis of a written resolution.

Transitional and Final Stipulations

1. Within a period of two months from the enactment of this resolution, all individuals who have started work at strategic sites and activities and individuals allowed to work with facts, information, and objects constituting state secretes prior to the enactment of the present regulation must meet the procedural stipulations of Section II, Chapter 3.

2. Control over the execution of the regulation is assigned to the director of the National Security Service.

3. The present resolution is issued on the basis of Article 14, paragraph 3, of the ZNSS [Law on the National Security Service] (DV, No. 49, 1944).

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Havel, Scalfaro Hold News Conference in Prague

LD2802145495 Rome RAI Uno Television Network in Italian 1230 GMT 28 Feb 95

[FBIS Translated Excerpt] President Oscar Luigi Scalfaro's official visit to the Czech Republic comes to an end today. After meeting President Vaclav Havel, he paid tribute to Jan Palak [as heard], and he will meet university students in the late afternoon.

This morning, the president again referred to the situation in Italy.

[Correspondent Fabrizio Ferragni] A news conference was held by both Italian and Czech presidents a short while ago. Asked to comment on the situation in Italy, Scalfaro expressed himself by means of a powerful concept. He said that during the years of terrorism, known as the years of lead, some Italian intellectuals were so cowardly that they said they would support neither the state nor the Red Brigades. Today we are in a similar situation, Scalfaro added, with both the Constitution and the material constitution. He said Italy needed to find some strong reference points. [passage omitted]

Klaus on Relations With Germany, Central Europe

LD2802191795 Prague Radiozurnal Radio Network in Czech 1715 GMT 28 Feb 95

[Interview with Czech Prime Minister Vaclav Klaus by correspondent Lucie Weissova; place and date not given—live or recorded]

[FBIS Translated Excerpt] [Weissova] Prime minister, you visited Hamburg recently and had talks there with the local representatives. You delivered an address in which you expressed satisfaction with Czech-German relations. Despite this, as distinct from our contacts with other countries, the quality of relations with various parts of Germany varies. Our contacts with Hamburg are less problematic than those with Bavaria. Evidence of this is the reaction of the Bavarian Government to the recent address of President Havel. What, do you think, causes it?

[Klaus] First, I would like to say that the word "satisfaction" must be used with caution. I expressed disagreement with the theses that it was the other way round, that our relations were bad or that our relations were confrontational. I certainly do not feel anything like that. The fact that we do not have the same view on everything as everybody else is not a question of confrontation. Germany is indeed a relatively large country. Moreover, it is a country that is recovering from its unification, and one foreign politician and one local politician always give addresses in Hamburg. The judgment I made for myself when the prime minister of Saxony—that is, the former GDR—delivered a speech was... Well, I had the feeling that he was not being accepted there as a completely local politician. I think that the unification has been performed crudely and that Germany is a vast and varied country. [passage omitted]

[Weissova] You had talks yesterday with the Hungarian Prime Minister Gyula Horn. You said that you had a different understanding of the Visegrad Group. I think that the Czech understanding differs altogether from the understanding of other members of this grouping. Is this not a certain kind of skepticism, similar, for example, to British Euroskepticism, some kind of Visegrad skepticism?

[Klaus] I was somewhat surprised when I read the papers this morning and saw the headlines saying: Klaus did not agree with Horn on Visegrad. This is not the feeling I had, and this is not the feeling I had after our joint news conference. I said at the conference that seeking identical views on this topic was fanning up the problem artificially, that it was not a fundamental topic that would complicate our lives or divide us. It was a topic that we barely touched on during our five-hour talks. We talked about a lot of other things, but we talked about the above topic only marginally and virtually only at the news conference. I said only one thing at the news conference: Prime Minister Horn uses the word Visegrad, but I do not. But I added that this did not mean that we were not countries with similar pasts, similar problems of the current transformation, similar futures in Europe.

[Weissova] Talking about this cooperation, let us call it Central European cooperation, it has always been defined in relation to Western Europe, in relation to our gradual integration in the West European structures. In this connection I was interested in the recent statement by the former Polish Foreign Minister Skubisewski who said that Central European cooperation should also exist vis-a-vis the possible imperial tendencies of Russia.

[Klaus] My views on these tendencies are not so acute as it has become a fashion in Poland, and I think these words are an expression of internal political arguments. [passage omitted] We do not see a meaningful step or a positive step or even a defensive step against anybody in the East or in the West, in the north or in the south, in the creation of integration groupings in Central Europe. We do not seek security guarantees in this. Everybody knows very well that we seek security guarantees in standard groupings, such as NATO. It is not that we would form a mini-NATO somewhere here in Central Europe. [passage omitted]

Russia's Gaidar Cautions Against Joining NATO

95CH0126B Prague PRAGUE POST in English 18-24 Jan 95 p 1

[Article by Timea Spitkova: "Gaidar to Czechs: Back Yeltsin and Don't Join NATO"]

[FBIS Transcribed Text] Efforts to expand NATO to the east and economic sanctions resulting from the Chechnya crisis could backfire, leaving Russia less stable than ever, according to Yegor Gaidar, the Russian reformer who was once President Boris Yeltsin's closest ally.

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Gaidar—who was chief economist during the transformation under Yeltsin and is now the leader of Russian Choice, the strongest party in the Duma—used a January 16 speech at a forum organized by Nadace Bohemiae, a Prague think tank, to warn of the growing threat to Russian democracy.

Gaidar cautioned Eastern Europe that entering NATO would be perceived as a demonstration of "anti-Russian attitudes," which would aid the nondemocratic forces in Russia.

"Eastern Europe will be much safer with democrats in power in Russia and without NATO than with NATO but with fascist forces in power in Moscow," he said.

Gaidar suggested that stability in Europe should be secured through new international organizations. Because NATO was created for the sole purpose of protection from Russia, he said, it is not equipped to cope with the present circumstances in Europe, such as the crisis in the former Yugoslavia.

Gaidar also warned the West against utilizing harsh economic sanctions, stressing that halting the conflict in Chechnya is better accomplished through diplomatic pressure than economic sanctions.

Not only would sanctions hurt the populace, 80 percent of whom do not support the war, but it would give more fuel to the fire of the hardliners "who are dreaming of economic sanctions," said Gaidar.

The Chechnya crisis, according to Gaidar, has shaken the country.

"The integrity of Russia is much closer to disintegration than it was three to four months ago," said Gaidar.

He said the key to minimizing conflict in the region is the protection of Russian democratic institutions, which are being threatened. "Now it is not only a Chechen problem, but the future of Russian democracy."

One of the most serious effects of the conflict in Chechnya, he stressed, has been the decline of the power of civil institutions and the increasing power of the military.

He predicted that some type of guerrilla warfare could last for years or even decades in the small republic of Chechnya, which would undoubtedly have severe political and economic implications for Russia.

Although Gaidar said he would push for a quick end to the crisis, he will take steps to impeach Yeltsin or call for early elections, which would leave the country without a president.

Yeltsin's power has been severely weakened as he has lost support from democratic forces; he is not backed by nationalists or communists. The crucial task is to defend the country's "fragile" democracy, Gaidar said.

Jiri Payne, chairman of the Czech parliament's foreign committee, said the quest to find new relations with Russia is vital "for all European countries."

Labor Unions Lose Government's Support

95CH0126D Prague PRAGUE POST in English 18-24 Jan 95 p 7

[Article by Gary Byrd: "Czech Labor Unions Are Struggling To Be Heard"]

[FBIS Transcribed Text] From the barely noticed 15-minute national strike in December to the growing troubles of the tripartite agreement among labor, management and the government, one thing is growing clear about the union movement in the Czech Republic.

When labor talks, nobody listens.

And it's not just management's fault.

Union infighting, lack of public support, and Prime Minister Vaclav Klaus' pro-business leadership have all led to a weakened position for unions at the bargaining table—if they ever make it to the table at all.

"Most large state-run companies have been broken up into smaller companies, and it is difficult for unions to attract new members," said Vlastimil Altner, executive secretary at the Union of Mine, Geology and Oil Industry Workers.

Altner said his union has been particularly hard-hit since the bottom fell out of the Czech mining industry. Membership is at an all-time low at 150,000, down 40,000 from five years ago.

Most of the unions are facing declining membership. The Czech-Moravian Chamber of Trade Unions (CMKOS) is the country's umbrella labor organization, with 38 unions; its membership is down from 3.5 million to 2.7 million.

Union officials blame the Klaus administration for the public's increasingly chilly attitude toward labor unions. They say that the government must deal more effectively with the unions to accomplish its economic reforms.

"Labor unions are an important partner if there is to be social peace in the economic transformation," said Zdenek Malek, deputy chairman of CMKOS.

But there's little social peace among the unions themselves.

CMKOS continues to be embroiled in a battle over its leadership position, hampering its image and credibility.

The controversy revolves around union leader Richard Falbr's stint as an English and Spanish teacher at the Interior Ministry in the early 1960s, which has led to accusations that Falbr was actually involved with the

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communist-era secret police, the StB. Officials from the Prague Metro Union and the Moravian branch of the Miners' Union wrote letters calling for Falbr's resignation this summer, and though the matter has been dropped for the time being, some unionists are still grumbling.

Despite the internal squabbles, unions have tried at least four times to demonstrate collective strength in the past two years. In one case, they gained some ground, but three times they were completely ineffective.

In 1993, the Railway Workers' Trade Unions went through with a one-hour work stoppage to protest the reduction of benefits such as discount travel passes for their families. They threatened another strike late in the year, to no avail. Railway workers lost most of their benefits and the price of their passes was doubled.

More recently, 10,000 Skoda workers walked off the job in October for one hour to protest the unwillingness of Skoda officials to negotiate with workers. Kovo trade union officials, who were responsible for the strike, called it a success.

"The strike did exactly what it was supposed to do: open negotiations between the workers and management," said Lubomir Stencl, deputy chairman of the Kovo trade union.

But the strike did not ensure job security for workers, which is what union members were hoping for. Indeed, Skoda laid off several hundred workers last year, and more cuts are planned for 1995.

In one of the most visible labor actions in the last five years, 40,000 union members marched on Prague's Old Town Square in mid-1994 to protest proposed changes in labor laws. At the time, one ranking government official called the show of strength "dangerous" and an "enormous shame." The government didn't even comment on the most recent action, a 15-minute general strike. Prime Minister Klaus put out the word that it would be beneath the dignity of government officials to discuss the nearly invisible strike.

Not only does the Klaus administration have reservations about labor unions, but the public does as well.

Unions are having difficulty organizing and taking action because many of their members still believe unions are ineffective. A survey released in June by the research office STEM found that 64 percent of Czech workers have "little or no confidence" in unions' ability to represent them adequately.

In many cases, workers view unions as government-led organizations, as they were under the former regime. The result is that many workers believe union officials aren't willing to fight for their rights.

And as Czech companies continue to restructure and lay off workers, labor unions are left with a growing number of demoralized members.

"Unions need much more support to be effective," said the CMKOS's Malek.

Government, Trade Unions at Cross Purposes

95CH0126C Prague PRAGUE POST in English 18-24 Jan 95 p 3

[Article by Andrew Heil: "Cabinet Moves To Weaken the Role of Unions"]

[FBIS Transcribed Text] Prime Minister Vaclav Klaus' government is moving to limit the power of a government-labor-management forum established to maintain economic and social peace.

In doing so, cabinet members reasserted their own supremacy on policy issues while delivering another blow to already beleaguered trade unions.

Klaus denied reports that he wished to immediately remove government entirely from the Council for Economic and Social Agreement, or tripartite, which promotes dialogue among the three sides. But he has initiated talks aimed at restructuring the council, presumably to limit its powers. The result is likely to be a tripartite that emerges unbroken but very battered.

"The role of dialogue between employers and unions has to be increased," Klaus wrote January 11 in an open letter to Richard Falbr, chairman of the Bohemian-Moravian Chamber of Trade Unions (CMKOS), "and the role of the government in it has to be considerably diminished."

Minister of Labor and Social Affairs Jindrich Vodicka said topics for discussion should be limited to wages, labor legislation, and worker protection and safety.

Klaus and his government have made little secret of their distaste for the tripartite system established under the previous government in 1990.

An article Klaus wrote for THE ECONOMIST in September spelled out his aversion to such a national-level forum. He said Western countries have been unable to accomplish their own "much-needed reform" because wages are determined "at a macroeconomic level, between the state and labor unions." He also hinted last year that the state's engagement with labor would diminish with the government's fading role as an employer.

On New Year's Day, the prime minister announced that he would seek a "fundamental change" in social policy over the next 12 months.

Klaus made redefining the tripartite a pre-condition for a face-to-face meeting requested by Falbr, after a 15-minute general strike organized December 21 to protest the draft pension insurance bill.

Coalition members welcomed a reduced governmental role. "On many issues, trade unions could resolve disputes with employers alone," said Ludvik Motycka, chairman of the Christian Democratic Union-Czech People's Party (KDU-CSL) parliamentary club.

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Unions' reaction was muted, with members waiting for the outcome of government talks before taking any action.

CMKOS chairman Falbr agreed that the tripartite should be re-evaluated. "Things discussed within (it) should be narrowed." He said a weakening of the state's role did not mean the government wanted to avoid discussion of social bills within the tripartite.

It is clear that unions have been unhappy with the course of tripartite discussions and their own "virtually powerless role in substantive matters," said Simon Nellis, an editor of a recent report on trade unions in Central Europe.

Unions have concluded agreements within the forum only to stand by as the government failed to comply. In 1991, the minimum wage was to be indexed to inflation as price controls were lifted. Instead, the minimum wage remained at 2,000 Kc per month.

"Unions have not been satisfied with the tripartite sessions. ...(The government) accepts one thing and later says something else," said a source within CMKOS who requested anonymity. "The basic rule of the tripartite is the acceptance of a gentlemen's agreement."

While CMKOS says its branch unionists are "prepared to do something," the chamber appears remarkably patient about what Nellis called "taking its orders from government." Nellis was assistant editor of a report titled 'Reinventing Trade Unions,' which was issued by the Central European University's Privatization Project.

"The Klaus government," he said, "obviously doesn't take the unions as a very serious partner, so the tripartite is not a three-way dialogue, but more like two and a half."

The CMKOS source accused the prime minister of "playing a very clever psychological game of manipulation...he was waiting for this chance." Pointing out that the current government would like to act swiftly this year in anticipation of the 1996 national elections, he said, "Unions aren't in a good position, but they have time. Klaus needs a quiet time."

Unions are buoyed by other developments they expect will help muster clout and protect labor interests. While consistently only about one-third of Czechs polled trust unions, CMKOS figures show that around 70 percent characterize unions' existence as "quite necessary" and desirable.

Organized Crime Division Created by Police

95CH0131A Prague PROGNOSIS WEEKLY in English 19-25 Jan 95 p 6

[Unattributed article: "Police Infighting as Cops Form Super-Secret Organized Crime Squad"]

[FBIS Transcribed Text] In a New Year's transformation that will split the enormous Czech Central Criminal Police into four separate police bodies, law enforcement officials are creating a super-secret organized crime division that will be so undercover that "journalists won't even see the tips of its toenails."

Police Presidium spokesman Ales Svoboda said the restructuring should help to increase the effectiveness of the police's work against organized crime, whose activities officers have been almost completely unable to thwart.

But one police officer who did not want his name to be published was not convinced that the structuring would help at all. "We only changed the names, but that does not mean that much else will change," he said.

Deputy Police President Jan Zatorsky said the new Department for Uncovering Organized Crime will include special divisions on illegal immigration, the so-called "white meat trade," meaning the trade of prostitutes, and also smuggling of radioactive materials and explosives.

Also new will be the Police Service for Unveiling Corruption and Economic Crime, and a restructured Narcotics Division.

Zatorsky said that as it is now, some criminal police departments work on the same cases. He said they want to separate offices which provide information analysis from actual police work.

However, other police officials were skeptical of the worth of the decision. Jan Zelasko, chief of the Directorate Services of the Criminal Police, said the changes could significantly complicate communication among officers, MLADA FRONTA DNES wrote.

But Zatorsky brushed off his doubts. "The fundamental flow of information will not (be) disturbed. I consider Mr. Zelasko's statements almost immoral," Zatorsky said at a press conference.

Zatorsky confirmed that some officers had left the criminal police because they were dissatisfied with the restructuring plan, but said they were only the "less skilled policemen and those who were not capable of acquiring new skills corresponding with the changing political situation, and they kept on using outdated methods." One of them was the former head of the Central Criminal Police Jiri Doucha, who resigned from his post late last year but whom many considered an expert.

Bimonthly Devoted to News From Russia Reemerges

95CH0131B Prague PROGNOSIS WEEKLY in English 19-25 Jan 95 p 7

[Article by Richard Byrne Reilly: "More News From the Motherland"]

[FBIS Transcribed Text] When the Soviet Union officially pulled out of Czechoslovakia in 1991, they left behind 26 years of mostly bitter memories. They also left

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behind TYDENIK AKTUALIT, a weekly newspaper devoted exclusively to events in the former Soviet empire.

TYDENIK AKTUALIT was originally a Communist-funded endeavor whose publishing history in this nation stretches back 20 years. But when the Czech government shed the yoke of both communism and Russian domination five years ago, the paper underwent a facelift. After a two-year absence, TYDENIK AKTUALIT re-emerged last October as RUSKE AKTUALITY (RUSSIAN NEWS) and began publishing twice a month in Czech.

One might be tempted to question the wisdom of such a return. Recent polls show that a majority of Czechs continue to deplore all things Russian, disdaining the nation that rolled tanks into Prague during a bloody 1968 invasion and followed that with a hard-line occupation that lasted more than 20 years.

"We decided after two years that it would be feasible to start publishing again because there is very rarely news about Russia in the Czech Republic. And when there is, the news is usually distorted," said Vladimir Fjodorov, RUSKE AKTUALITY's editor in chief and a journalism graduate of Moscow State University.

"There are about 100,000 people living in the Czech Republic who have roots in Russia," Fojodorov, the paper's sole full-time employee, continued. "Over the years, there have been three waves of immigration here. The first was after the (Bolshevik) Revolution, the second before World War II, and the third after the war's end. These people are not Russian anymore, but they still have (Russian) ties. They have an interest in their roots."

Fjodorov said RUSKE AKTUALITY, which under communism reached its funding from an organization called Friends of the Soviet Union, boasts a monthly readership of more than 16,000. The paper, whose latest issue delves considerably into the recent Russian invasion of the breakaway region of Chechnya, is heavy on political content but also includes sections designed to lure foreign investors interested in doing business in Russia.

Fjodorov said the paper is able to fund itself and does not rely on money coming from Russia. Asked whether it makes a profit, the editor pointed to two full-page advertisements. "These give us all the money we need," he said. "We make our money on advertising, not on our readership. No paper makes money on their readership anymore."

But, perhaps by virtue of its subject matter alone, the actual backing of RUSKE AKTUALITY seems to invite speculation. According to *KGB: The Inside Story*, a recently published account of the Soviet spy agency, newspapers like RUSKE AKTUALITY were published in all the former Soviet satellite countries. The objective was to project and enhance the image and power of the Soviet Union through written propaganda. The publishing efforts were usually funded by the KGB, which was recently renamed the FSK. Countries like India, where the Soviet Union had both commercial and strategic interests in the 1970s and '80s, were recipients of similar publications.

On the subject of possible KGB involvement in a RUSKE AKTUALITY, both financially and materially, Fjorodov conceded that in the past this might have been possible but said it is not the case today. He said the paper aims to inform, not to influence with propaganda.

But Dr. Vaclav Vebr, chair of the Russian Studies Department at Charles University, does not believe the paper exists only to provide straight news about Russia. Instead, Dr. Vebr said, the re-emergence of the newspaper is quite clearly another attempt to "influence politics in the Czech Republic."

Shaking his head and referring to a copy of RUSKE AKTUALITY laying on his desk, Vebr said, "It's money that Russia is investing in Central European politics." On the possibility that the Russian spy agency continues to finance the paper, he added. "I'm very inclined to (think so). The KGB contains some of the most intelligent cadres of Russian society."

Fjodorov, seated in his spacious office inside a plushly appointed villa in Prague 3 that serves as the paper's offices, was asked why the paper stopped publishing for two years. "There was a two-year break (in publishing) because after the Velvet Revolution the Friends of the Soviet Union simply fell apart," he said matter-of-factly. "(And) we decided the time was right to bring it back."

During the course of a recent interview, Fjodorov seemed pre-occupied with the raging war in Chechnya and the mounting casualties inflicted by determined Chechen soldiers. A secretary would periodically interrupt the interview to hand Fjodorov faxes from associates in Moscow on the latest developments in a war that he says has cost his country well over 1,000 lives. Back on the subject of his newspaper, Fjodorov said he was determined that it would succeed.

Superhighway Connecting Poland, Turkey Planned

95CH0131C Prague PROGNOSIS WEEKLY in English 19-25 Jan 95 p 9

[Article by Vladan Sir: "Czech Firms Head for 14-State Freeway"]

[FBIS Transcribed Text] In what is seen as a coup for isolated businesses across the Czech Republic, the country is speeding up efforts to join its highway network with the new Trans-Europe Motorway and, in the process, snatching the key roadway link from neighboring Slovakia.

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Both countries are aspiring to connect to the road system of Poland, from which the TEM (Trans-Europe Motorway) emerges on its way south to Hungary. The Czech Republic has pushed construction on its roads far ahead of Slovakia's and it looks like the official path for the motorway will pass mainly through Czech territory.

Former Slovak Transport Minister Mikulas Dzurinda first complained in November that the Czechs were trying to snatch away the TEM.

The Czech plan is now missing only a total of 96 kilometers to connect the highway systems of Poland and Slovakia, and a new association of businesses in North Moravia is pushing for the Czech route. Completion of the road system on the Slovak side, however, is still years behind. The Slovaks therefore fear that Polish transportation planners may connect with the Czech system rather than taking the delayed Slovak route.

The TEM is a joint project of states in Central and Eastern Europe and the Balkans. But the TEM, for all its promises to bring trade across the region, is not a new idea at all. Poland came up with the plan 20 years ago during the heady years of socialist cooperation under COMECON. COMECON fell away, but the ambitious plan to connect highway systems of countries from Scandinavia to the Middle East has remained.

The freeway aims to patch up the holes left by road construction here in the past, when freeways were built entirely independently within each country, stopping at each border. With the TEM, planners want to tack extensions onto existing roads to connect the highway systems of each country along its route.

After the changes in Eastern Europe, the original north-south route of 10,000 kilometers developed into a more complex web of freeways cutting east and west across Central Europe. In addition, Ukraine and Latvia are thinking of joining the club.

"The network today is about twice as big," said Milan Machart, deputy director at the Transport Ministry's Land Transport Department. In the Czech Republic alone, the entire highway system is included in the TEM web.

But TEM is not a set organization because each country is building its motorways independently and only its government has the right to decide where and how it is going to connect to the systems of other countries, according to Machart.

The Czech route of the motorway is using a combination of highways and four-lane roads from Brno to Ostrava to connect with a four-lane highway out of the Polish town of Katowice.

The decisive point for the Czech and Slovak TEM plans will be whether Poland will connect the TEM to the North Moravian border town of Cesky Tesin, or to the town of Zilina in Slovakia. A Slovak representative at the TEM headquarters in Warsaw has asked the Poles for permission to connect to Katowice directly from Slovakia without crossing Czech territory.

For Czechs, it would be advantageous if the Poles decide to connect their highway to the heavily industrialized city of Ostrava, as it would present a major capital injection to the region, which suffers the highest unemployment in the country and is restructuring local industry away from its traditional dependence on coal mining.

"It would bring economic growth during construction and afterward," said Machart.

To catch up with the Czech side's work of the past months, the new Slovak government announced plans to invest 130 billion Slovak crowns toward building up their highway system, including the Slovak route of the TEM.

In addition, the Slovak Transportation Ministry, in negotiations with the Polies, offered to connect to Katowice directly from Zilina, avoiding Czech territory completely.

If this were to happen, planners in Prague would not be interested in constructing the route from the Czech-Polish border town of Cesky Tesin to Zilina in Slovakia, since the Czech Republic would be building a highway that only cuts across 30 kilometers of its land.

The current Czech idea is to connect the Polish border and the big Moravian industrial towns of Ostrava and Brno. Only then would the highway connect to the Slovak highway system and continue to the capital of Bratislava.

The Slovaks instead would like the freeway to cut across only a corner of the Czech Republic (at Cesky Tesin) and then head directly into the Slovak district of Cadca. The highway would then head south along the Vah River and to Bratislava.

Despite being 70 kilometers longer than its Slovak competitor, the Czech plan has more advantages, Evzen Cigos of the Highway Management company in Brno said. First, the Slovak route would not connect any big industrial areas, and second, it would have detrimental effects on the environment of the Vah River valley in East Slovakia, whereas in Moravia the freeway would go through an open area, Cigos said.

The Czech-Slovak competition only sprang up in 1993 when the former Czechoslovak federation split into two independent states.

If the Czechs now succeed in drawing the road across their territory, Slovaks will be cut off from the main stream of the motorway, and their highway system would only serve as a detour along its route.

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Report Notes Official Disagreement With Holbrooke

AU0103100195 Bratislava PRAVDA in Slovak 25 Feb 95 pp 1-2

[Article by Jan Skoda: "Fears of Confrontational Tones; U.S. Assistant Secretary of State Paid a Two-Day Visit to Bratislava"]

[FBIS Translated Excerpt] Bratislava—U.S. Assistant Secretary of State Richard C. Holbrooke arrived in Bratislava on the night of 23 February and met in quick succession with Slovakia's highest officials. [passage omitted]

According to Vladimir Stefko, spokesman for the Slovak president, the U.S. politician said that our relations were improving. "Besides NATO, the internal political situation in Slovakia after the last elections was discussed in great detail," Stefko announced. Mr. Holbrooke said that NATO membership was a prerogative that every member country must deserve not only by its foreign policy, but also by its policy within the state. The U.S. politician once again confirmed Clinton's commitment to support democracies in Central Europe. [passage omitted]

Richard C. Holbrooke on 23 February invited Slovak Prime Minister Vladimir Meciar to the U.S. Embassy for a working dinner. According to the prime minister, the discussion concerned security, the new arrangement in Central Europe, and our relations with Hungary. "For me, it was important that Mr. Holbrooke go to Budapest today, where he will talk directly with Mr. Horn," Vladimir Meciar said on Slovak Radio yesterday. At the same time, he conceded that they also discussed some findings that the United States has about the situation in our country. However, according to the prime minister, "no differences of principle were involved."

Certain differences between the views of representatives of our coalition and the U.S. side did, however, surface during the meeting with Ivan Gasparovic. According to Lubos Jurik, spokesman for the chairman of the National Council of the Slovak Republic, Richard C. Holbrooke said that the United States was concerned about the confrontational tone in Slovakia's domestic policy, which was not customary elsewhere. The United States will continue to monitor the further development of the situation regarding the president and the electronic media where, according to Richard C. Holbrooke, a certain discrimination of the opposition takes place, as well as an effort on the part of the government to control them. At the same time, he is not of the opinion that democracy in Slovakia is threatened. Ivan Gasparovic rejected the opinion about discrimination in the sphere of the press where, as he said, eight out of nine dailies are in opposition to Meciar's government. According to the chairman of the National Council of the Slovak Republic, the changes in the television and radio supervisory and managerial bodies were aimed at improving programs and broadcasts. In this context, the U.S. guest pointed out that Slovakia would be assessed in the world also according to the further evolution of the conflicts between the president, the government, and parliament. Ivan Gasparovic explained that these conflicts were a consequence of the overstepping of powers by constitutional officials, which, in his opinion, was not typical just of the development in the Slovak Republic, but also of neighboring Poland and Hungary. [passage omitted]

Yesterday morning, the U.S. representative had a working breakfast with representatives of three opposition parties, which was attended by Peter Weiss on behalf of the Party of the Democratic Left [SDL], Jan Carnogursky on behalf of the Christian Democratic Movement, and Eduard Kukan on behalf of the Democratic Union [DU].

Richard C. Holbrooke inquired about the stability of the office of the Slovak president, the mandates of DU deputies, and the freedom of the press and other mass media. According to SDL Chairman Peter Weiss, Mr. Holbrooke voiced the conviction that "the history of Central Europe would be written in Bratislava."

Kovac Interviewed on First Two Years in Office

LD2802222995 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1730 GMT 28 Feb 95

[Unscheduled "exclusive" interview with Slovak President Michal Kovac by correspondent Magda Pospisilova; place and date not given—recorded]

[FBIS Translated Excerpt] The day after tomorrow, on 2 March, two years will have passed since Slovak President Michal Kovac was inaugurated. To provide all the information, the Slovak National Council deputies elected Kovac to the post of president on 15 February 1993.

Two years is a suitable occasion to look back at the achievements. The interesting facts include, for instance, that during this time the president delivered 150 speeches, gave 135 exclusive interviews for the foreign media, and 55 for Slovak journalists. During another interview, which was his 40th this year, President Michal Kovac talked to editor Magda Pospisilova.

[Pospisilova] Soon, a year will have passed since your parliamentary speech, which you made in March 1994, and which instigated the vote of no-confidence in Vladimir Meciar. The election results again confirmed that the Movement for a Democratic Slovakia [HZDS] is the most popular party among the Slovak electorate. In the light of these facts do you not regret having to give this speech, despite the saying that one does not step into the same river twice [ancient Greek philosophy]? Therefore, I will like to ask you, will you act in the same way today as you did then?

[Kovac] We have to recall that in 1994 there was a government crisis and nobody could see any way out of it. Apart from that, there was a certain process

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underway, which we could gently describe as tension between the prime minister and president of the country.

I perceived this process as something that was not helping but complicating the existing situation. There was a strong need to discontinue this process and find a resolution by forming a coalition government.

My speech in the parliament was motivated by two reasons. One was to establish a broad coalition government. The second reason was to explain to the citizens why there was tension between the president and the prime minister. A certain proportion of our citizens could feel, at the time, that these two officials had something to hide, did not want to tell the public truly what was going on, and were insincere in their relation to the public.

This is how I felt about it. I did not have any other opportunity to explain to the public the background of that tension and, therefore, I took the opportunity when I delivered the address on the state of the nation in the parliament.

In the address itself I analyzed the state and concluded that our society was ready for the formation of the coalition government. I was convinced that the coalition government, which would have been formed in a normal way without the vote of no-confidence, would have also included the HZDS, as well as the Party of the Democratic Left [SDL] and the Christian Democratic Movement [KDH] so that the stability of the government would have been secured for a longer period.

These were the major reasons, and I have nothing to regret as this was my duty. [passage omitted]

[Pospisilova] Experts oppose sudden changes [to the Constitution], although they admit that some amendments will help to clarify the relations between constitutional principles and institutions. How, in your view, Mr. President, can we avoid politicking when it comes to it?

[Kovac] Let me begin this way. I am deeply convinced that I do not exceed the constitutional powers, and so far there has not been any proof of it. On the contrary, when there were doubts regarding the interpretation of certain constitutional legal principles, in most cases the Constitutional Court ruled in the way I understood the matters.

My second remark is that I did not contribute much to drafting the new Constitution because, at the time, I was the chairman of the Federal Assembly. We all well know that the Constitution was drafted by excellent experts and lawyers, mostly from the HZDS, the SDL, and other political parties.

Many other experts' opinions confirmed that the Constitution of the Slovak Republic was a good Constitution with a well-balanced divisions of powers that also complied with all the requirements concerning the protection of essential human rights and liberties, including the minority rights. [passage omitted]

I identify with many experts' view that no amendments to the Constitution are necessary at the moment, nor are substantial changes. Considering the status of the president in the future, when we decide on a [new] Constitution, I think it depends on how the things will have developed and what will be best for stability of the Slovak Republic. It is not the right time for Slovakia at the moment, when we enter the third year of the independent Slovakia, to consider any amendments to the Constitution only because some parties do not favor Michal Kovac in the post of the president.

[Pospisilova] It is a crucial period for Slovakia as its admission to NATO is being decided. How do you, Mr. President, view the latest visit of Richard Holbrooke, U.S. assistant state secretary for Europe and Canadian Affairs, and what risks, do you think, there are for Slovakia on its way to joining NATO?

[Kovac] As we know Richard Holbrooke visited, apart from Slovakia, also Romania and Hungary. It was the United States interest in Central Europe that brought Mr. Holbrooke to us. The United States unambiguously showed that they were in favor of some Central European countries' admission to NATO. They also showed that they took an interest in the internal developments of these countries so that their application to NATO was viable. We have to appreciate that such a major country like the United States is interested, on the top of their own problems, in the Central European countries' democratic developments that will create conditions for their admission to NATO.

[Pospisilova] Mr. President, what, in your view, was the major contribution of Slovak President Michal Kovac to the Slovak Republic during past two years?

[Kovac] For me, it is difficult to talk about the contribution of the president because it could sound like some kind of self- praise. Let us recall that when the Slovak Republic became an independent state there were many doubts about the democratic future of Slovakia, about the continuation of the economic reform, about whether Slovakia was attempting to join European structures or was looking at its future in the East. [passage omitted]

As we know, none of these doubts was justified. On the contrary, we have managed to persuade both our neighbors and distant foreign countries that Slovakia wants to reinforce democracy, to implement economic reforms and a market economy.

Naturally, it was necessary, as we had no results—it was 1993—to develop personal contacts with the officials in other countries and talk about what our country wanted and where it intended to go.

It is known that unlike the prime ministers, the president had some 30 summits and talks with heads of states, and about as many meetings with prime ministers and a

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similar number of meetings with parliament chairmen. I visited all important international organizations in Europe. Twice I visited President Clinton in the United States.

I have used all these occasions to explain to the foreign officials that Slovakia, even after the split, will conduct democratic politics, will continue economic reforms, as well as the implementation of a market economy. At the same time, I have explained that Slovakia sees itself as a part of Western civilization and that it is doing its best to be suitable for integration into all the important European structures.

Simply speaking, all this, in my humble opinion, meant that the confidence of the international community in the Slovak Republic increased.

[Pospisilova] In the connection with the resignation of the leadership of the Slovak Intelligence Service [SIS], we were to learn that it served your interests, and the interests of the current opposition. How do you view the existing situation surrounding the SIS and further possible developments in this important institution.

[Kovac] It was the first time that I had heard that the SIS served the president and the opposition. The president has no right to control the SIS. We have a special body in parliament to control the SIS. According to my information, I can say with full responsibility that the SIS served the interests of the Slovak Republic and that its activities were in line with law. [passage omitted]

[Pospisilova] Mr. President, let me ask you the last question, which many of our fellow countrymen might be asking themselves as well. Do you think you will be in your post of president for the third anniversary of your inauguration?

[Kovac] It is not an existential issue for me whether I will or will not be in the post. What matters to me is to do the job to the best of my abilities and conscience, regardless of some attempts to threaten the president by suggesting that if he does not do this or that then that there will be a sufficient parliament majority to dismiss him. I am not bothered about it personally, but I would like these attitudes to cease to exist. [passage omitted]

Ethnic Minorities Commission Set Up in Parliament

AU2802173995 Bratislava SLOVENSKA REPUBLIKA in Slovak 25 Feb 95 p 1

[TASR report: "Commission for Ethnic Minorities Set Up"]

[FBIS Translated Text] Bratislava—The National Council of the Slovak Republic Committee for Public Administration, Self-Administration, and Ethnic Minorities passed a resolution on its decision to set up the committee's Commission for Ethnic Minorities. Its members are Melania Kollarikova (Slovak National Party), Jan Garai (Association of Workers of Slovakia), Eva Garajova, Vlastimil Vicen, Dusan Slobodnik (all from the Movement for a Democratic Slovakia/Farmers Party of Slovakia), and Gyula Bardos (Hungarian coalition). The parliamentary committee's commission will be supplemented by a representative for each parliamentary club of deputies and representatives from the Government Council for Ethnic Minorities.

Rivals for SDL Chairmanship View 'Differences'

AU0103093495 Bratislava NARODNA OBRODA in Slovak 23 Feb 95 p 13

[Interview with SDL Chairman Peter Weiss and Lubomir Fogas by an unidentified PRACA correspondent; place and date not given: "Lubomir Fogas: There Is No Threat of SDL's Amputation"—reprinted from PRACA No. 44]

[FBIS Translated Text] [PRACA] How did your views and positions differ from those of Lubomir Fogas in deciding on the party's strategic steps, PRACA No. 44 asked Party of the Democratic Left [SDL] Chairman Peter Weiss.

[Weiss] We differed, first and foremost, in estimating the impact of some steps on our voters, who voted for us in defiance of our coalition with the Christian Democratic Movement. We also differed in our views of political priorities. For me, the foremost issue is to establish contacts with workers and the so-called mass intelligentsia, while Lubomir Fogas has been placing chief emphasis on intensifying contacts with the managements of large companies. We also differed in our views on the tactical aspect of relations with the Movement for a Democratic Slovakia.... I and Lubomir Fogas have been shaping the SDL together for five years and have always been candid with one another. I have never had problems communicating with him. He was always fair and kept me posted on his views. The fact that SDL congress delegates decided in a secret ballot the way they did does not mean at all that we should now become enemies. Quite the contrary, I will very gladly cooperate with him and will hear out his views even more attentively.

[PRACA] From when does your mutual bias [zaujatost] date and what are its main causes? read one of the questions for Lubomir Fogas.

[Fogas] What is involved is not bias, but differences of views on the methods of implementing political steps. One of us is more pragmatic, while the other bases policy on theoretical approaches to solving contemporary social issues. While many deputies from the SDL parliamentary club were convinced of the need for systematic talks with all parliamentary parties, Peter Weiss was of the opinion that, in certain situations, there is nothing to discuss. Moreover, I believe that the desire for the integration of left-wing forces in parliament must make itself felt in active policy, rather than in passive resistance.... There is talk about some current or faction,

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which is not true, however. I never sought to rally around myself a group that should in the future become the embryo of something different from what the SDL presents as its values.... Although the SDL is not healed after this congress [held in Poprad on 18 and 19 February], I do not think that its disease is such as to cause the amputation of some part of it.

Carpathian Euroregion Defended in Slovakia

95CH0152A Bratislava UJ SZO in Hungarian 9 Feb 95 pp 1-2

[Unattributed article: "Liberalism, Conservatism, Directives...Euroregion—Without Us"]

[FBIS Translated Text] Last Tuesday, as three parliamentary representatives—Milan Knazko, vice chairman of the Democratic Union [DU]; Jan Figel, vice chairman of the Christian Democratic Movement [KDM; in Slovak, KDH]; and Marcela Gburova, a member of the Slovak Social Democratic Party—proceeded to Kassa [Kosice], city along the shores of the Hernad River, in response to to an invitation by the Kassa Liberal Club—which representatives, as members of the Tatra Euroregion Polish-Slovak joint council, were deeply involved in performing detailed tasks assigned to them at a conference held the previous week, the government of Slovakia condemned the leadership of the Slovak Carpathian Region, an organization that joined the Carpathian Euroregion the other day.

According to Ludovit Hudek, minister of the interior, the government of Slovakia requests that the nine county districts that became associated with the Carpathian Euroregion discontinue their membership in that organization by all means.

They did not act in keeping with the law when they joined; thus the decision made by these local state administrative organs concerning international cooperation along the border is invalid, according to last evening's news agency report on the government meeting.

The Carpathian Euroregion also became a topic of discussion at the Kassa Liberal Club, as part of the discussion with the three parliamentary representatives mentioned above. Milan Knazko reiterated that in his capacity as foreign minister of the previous cabinet headed by Meciar, he did not take part in the organizing meeting of the Carpathian Euroregion international association held in Debrecen in February of 1993 because the government did not authorize him to do so. The politician, who has abandoned the political line represented by Meciar, also noted that by now he has a different view of this grouping, and that he realizes that excessive concern and caution at that time was unnecessary in many respects, even though he acknowledges that official paths existed for joining international regional associations. He recognizes the fact that cooperation among regions could only benefit all participants.

Jan Figel declared that he had supported the plan to establish the Carpathian Euroregion already back in 1993, and that he continues to support the evolution of regional cooperation. In his view, the geographic location of the eastern part of Slovakia may be advantageous, because it is located in the center of the Carpathian Euroregion. This is important from the standpoint of international trade.

Although not related to this issue, Marcela Gburova explained the essence of liberalism and conservatism. The primary difference is that the liberals assign to the state a small role in the life of society, while conservatives envision the state's performing a larger role.

It was Milan Knazko who mentioned directivism, while analyzing the country's political situation, objecting to a few methods used by the present government.

* * *

Yesterday we asked Eduard Ivanco about his view of the government's position. Ivanco is the mayor of Mezolaborc [Medzilaborce], near the Slovak-Polish-Ukrainian triple border, and chairman of the Slovak regional grouping that joined the Carpathian Euroregion.

"I have heard about this through the mass media, but I have not yet received the government's official decision. If I receive it, we will discuss it at the next meeting of the almost 30-member council representing the nine county districts. That meeting is going to be held next week. Accordingly, for now I can only state my own views. I admit, this is not the kind of position I expected the government to take. I expected the government to embrace and support the idea of international regional cooperation. We expected this because, in our view, neighboring regions could indeed help each other. Quite naturally, they could help each other only if they succeed in reconciling and streamlining mutual interests and opportunities. This is the essence of our initiative, and not something else. Many such issues could be resolved if a superior local organ—and I stress the word 'local'—would unite local governments at the county, district, and regional levels. That is all we are talking about. The fact that the government has not appropriately realized this may be attributed, in part, to lack of information. Things might have progressed smoother, of course, had someone asked whether the government would hear us in this regard."

Milan Muska, the mayor of Varanno [Vranov nad Toplou] felt that the position taken by the government was overly cautious. In his view, certain members of the government do not clearly understand the mission of the Carpathian Euroregion. Muska, a representative in the former Federal Assembly, believes that the role of regional cooperation must be viewed in a broader context. Viewed that way, one discovers that it makes sense. It makes sense because, among other things, the representatives and organs of the regional grouping could help the government in its work, because they best know the

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concerns, problems, and opportunities at the local level. Accordingly, they could help drafting laws.

"It has merit," a Kassa private businessman said about the Carpathian Euroregion, in response to our question. "Although true, businessmen seeking cooperation do find the path to meet each other. With the help of chambers of industry and commerce, for example, I believe that the Carpathian Euroregion would be a more multifaceted operation. I believe it would not hurt to publish a multilingual monthly periodical in this region, one that would inform its readers about vegetable market prices, foreign tourism opportunities, and things of interest: significant cultural and sports events, customs rules, measures related to trade.... Information itself constitutes a value," he continued.

We also wanted the new mayor of Nagymihaly [Michalovce] to state his views, but he did not wish to make a statement.

Direct Sale Privatization Projects Abolished

LD2802233495 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 2030 GMT 28 Feb 95

[FBIS Translated Text] At its session today, the Slovak Government discussed and approved a report on the resolutions that had endorsed certain privatization projects and that the government subsequently abolished on 29 March 1994.

The government acknowledged the fact that, although these enterprises will be privatized according to the original resolutions, issued between February and March 1994, the strategy of privatization adopted later will be also taken into consideration, as well as the most important changes in the ownership of these privatization projects last year.

The government discussed and endorsed a proposal to abolish the resolutions on the privatization of enterprises, parts of enterprises, and state shares in enterprises by direct sale from 6 September to 30 December 1994.

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Horn Discusses Central European Relations

AU0103100595 Prague DENNI TELEGRAF in Czech 25 Feb 95 p 9

["Exclusive" interview with Hungarian Prime Minister Gyula Horn by Peter Morvay in Budapest; date not given: "Of Course, We Are Rivals, but, at the Same Time, We Are Dependent on Each Other"]

[FBIS Translated Excerpt] Hungarian Prime Minister Gyula Horn will pay a one-day official visit to the Czech Republic on Monday [27 February] at the invitation of Czech Prime Minister Vaclav Klaus. To mark this occasion, he granted our colleague an exclusive interview. [passage omitted]

[Morvay] The Czech Republic and Hungary are often cast in the role of rivals in the issue of integration into European structures. Do you agree with this approach?

[Horn] Of course, we are rivals, but, at the same time, we are dependent on each other. In my opinion, the European Union is attributing an ever more exceptional role to the Visegrad Four [Czech Republic, Hungary, Slovakia, and Poland] as the countries most advanced in creating the conditions for integration. At the same time—and we ourselves underline this in our talks in the West—it is necessary to approach the Central European countries differentially; they cannot be viewed as a homogeneous bloc. It is important that, in the integration process, the European Union accepts the level that this or that country has reached in creating the conditions for its integration.

[Morvay] Some of the Czech and Hungarian political elite, and the press too, consider their country to be the chosen one that will be able to integrate into Europe first. At the same time, the Czech side points out that it has the most stable economy, the lowest unemployment, inflation, and so on. What do Hungary's qualities consist of?

[Horn] Hungary is still the furthest ahead as far as the depth and dimension of transformation are concerned. I do not think that there is another country in the region where the institutions of transformation—from the stock market to the banking system and other elements—are so developed. In my opinion, the European Union is also aware of this.

Without a doubt, it is a fact that we have problems with stability; the government has discussed this several times in recent weeks. Decisions should be made in the next two or three weeks that should serve mainly to reduce the payments deficit. Creating financial stability is our fundamental objective. However, we have to achieve this in a manner that does not endanger the prospects for economic growth that started as early as the second half of 1993.

[Morvay] Are you aware of any bones of contention or friction in Czech-Hungarian relations? There is talk, for instance, about the issue of the Benes Decrees or Hungary's considerable deficit in mutual trade?

[Horn] I do not want to deal substantially with these issues; it is possible, however, that they will come up in conversation. I do not know of any serious issue that would encumber Czech-Hungarian relations.

[Morvay] In your view, what are the prospects for Visegrad cooperation? What form of cooperation among the Four would be most efficacious?

[Horn] I still consider the preservation of the Visegrad Four to be important, both as a concept for and form of cooperation. This concept has recognition not only in the Visegrad countries, but also in the West. Primarily, it is the European Union that supports such a form of regional cooperation. Naturally, however, nothing can replace the bolstering of bilateral relations, which also address specific issues.

[Morvay] With regard to the countries of Central Europe, Prime Minister Klaus would consider the formulation of a joint point of view concerning the structure of the European Union's internal relations and optimum future to be especially important. In your opinion, is this possible?

[Horn] The European Union is preoccupied mainly with its own internal issues and dilemmas. We must also be aware of this during our integrative endeavors. Following the Essen summit, I consider the process of affiliation with the European Union to be, in essence, irreversible. When this is accomplished depends primarily on the conditions in the individual countries. At the moment, the European Union is putting together its White Book. We proposed in Brussels that they consult us on the contents of this book, because it will contain the conditions for affiliation. Even the Czech Republic is not indifferent to what these conditions will be. It would be good if we were to consult each other. For example, agricultural policy, both within the European Union and the candidate countries, is a key issue. We could hold continuous consultations with the Czech side on this.

Hungary is—if I am not mistaken—the only Central European country that has sent Brussels and the 15 EU member countries a memorandum outlining precisely how we conceive the conditions for integration and how we would like to expand gradually cooperation with the European Union. This could also be of interest to the Czech side.

[Morvay] What does this memorandum contain?

[Horn] The memorandum formulates the following main points: Apart from issues of economic cooperation, it is also necessary to extend cooperation to the structural, foreign, and security policy spheres, the departments of the interior and justice, and to all the issues that create the pillars of cooperation and mutual relations among the EU member states. Another essential requirement is for us to take part gradually and continuously in the

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work of the various EU institutions. This concerns, for example, participation in various ministerial meetings or in expanding the sphere of activity of the Council for Association. The third important issue is the kind of opportunities we have for joining the Transatlantic network. What I mean by this is, for example, transportation, energy, the raw materials cycle, highway networks, and so on. We have to begin talking about these issues now; otherwise, the gulf between us and the EU member states will just continue to widen. And, last but not least, I consider exploring matters such as, for instance, the free movement of the labor force and issues requiring harmonization of the legal systems for future cooperation to be vital.

[Morvay] There are discussions in the Czech lands on whether we will become a member of the European Union or NATO first and on which of the two institutions is more important for us. What do you think about this? Do such discussions make any sense?

[Horn] It is a private matter for each country to determine which discussions make sense for it and which do not; I do not want to interfere in this. I can only present the Hungarian point of view. In my view, it is not good to pit the two institutions, as it were, against each other. We have declared our endeavor to join Western integrative structures. This means the European Union, NATO, and the Western European Union [WEU]. In my opinion, entry into NATO and the WEU will be possible first. This possibility already exists if NATO and the WEU were to decide in favor of it. The conditions for these organizations are not formulated in such a long-term manner; it is easier to meet them than the conditions of the European Union. Fulfilling the economic preconditions requires more time. I think that, in the event of corresponding will on the part of NATO, entry into it would be possible in a year or two, whereas it is possible to reckon realistically with admission into the European Union at the end of the century at the earliest.

[Morvay] Hungary is in a far more sensitive geopolitical location than the Czech Republic. Do you think that there are any more serious security risks for your country?

[Horn] I am not aware of a security risk to the country; we are not surrounded by unfriendly countries, but by partners. In relations with them, however, there is mostly a great deal of tension and it is our fundamental task to minimize this tension. In my view, the requirement—even emphasized at the recent talks in Brussels—that we put our neighborly relations in order has been formulated unequivocally both by NATO and the European Union. They welcomed very much our objective to sign, for example, basic bilateral interstate treaties with Slovakia and Romania prior to the Paris Conference on Stability in Europe, which will be held on 20 and 21 March. There is no lack of political will for this on our part. If it is the same on the other side, it is possible to conclude the treaties before 20 March.

We have to realize that neither NATO nor the European Union have any desire to import our regional squabbles, tensions between two countries, into their ranks and thus destabilize their own situation. This precondition has been formulated very clearly in the West. At the same time, I think that this historical settlement, whose only medium is the basic treaty, also corresponds to our national interests. It is expected of us not only abroad.

[Morvay] Why is a basic treaty so important?

[Horn] In any event, this step would serve to enhance mutual trust. The document should lay down the framework for the most important principles of mutual relations and assign the norms of the European Union or the Council of Europe. In any case, it would be considerable progress toward improving bilateral relations.

[Morvay] The chairman of the Hungarian Parliament's Foreign Affairs Committee, a member of the other coalition party, the Union of Free Democrats, has declared, however, that it will not be possible to sign the expertly drafted basic treaties before 20 March.

[Horn] The Free Democrats somewhat altered their view later, and we will have to wait until Thursday's parliamentary debate on foreign and security policy for their final stance. (In this debate, the Free Democrats, in essence, finally supported Horn's point of view—Editor's note)

[Morvay] Csaba Tabajdi, the state secretary for ethnic minority affairs and a member of your party, has pointed out that the policy statement of the new Slovak Government differs in many ways from what Prime Minister Meciar said and promised regarding minority matters during his talks in Budapest.

[Horn] I have not read such a statement from Mr. Tabajdi. The program announced by a government is the sovereign affair of that government; it is an internal affair. I am not appropriating the right to criticize the government policy statement of any neighboring country. It is the task of the political forces in the given country to air their views on this; I do not want to do so.

[Morvay] His comment involved specifically the passage in the policy statement regarding the ethnic minorities, which is an important issue within the framework of the basic treaty.

[Horn] Of course, it is very important. I can state that we agreed with Prime Minister Meciar in Budapest in January that, in the basic treaty, we will employ the principles assigned by the norms of the Council of Europe, the Organization for Security and Cooperation in Europe (OSCE), and the European Union, norms that are binding for the two sides; in my view, this is the most important thing at the moment.

[Morvay] Representatives of the minorities, and not only the Hungarian minority, consider the aforementioned norms to be rather abstract and insufficient stipulations.

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[Horn] But, this is no longer just a matter for Hungary or Slovakia. The international community defines the contents of international documents. We may be dissatisfied with the contents of an international document, but this document does not cease to be a reality. It is possible to continue working on it. However, I consider, for example, the Council of Europe's general agreement on protecting minorities signed at the beginning of February to be a very important step in the right direction, even though it does not meet all our demands. It does not happen in international life that a document 100-percent acceptable to all countries comes into being immediately. It is only possible to change and improve something slowly, step by step, and by means of innumerable compromises. The agreement from the beginning of February is a major improvement compared with the previous situation. [passage omitted]

Legal System Modernization Follows EU Model

95CH0119C Budapest NEPSZABADSAG in Hungarian 11 Jan 95 p 5

[Article by Andras Sereg: "Legal System Modernization Follows EU Model—Assistant State Secretary of Justice Laszlo Kecskes on Harmonization"]

[FBIS Translated Text] "The Hungarian legal system is being modernized by fulfilling the requirements of legal harmonization by the European Union [EU]," Assistant State Secretary of Justice Laszlo Kecskes told NEPSZABADSAG on the occasion of the impending government discussion, on Thursday, of the task proposal for legal harmonization in preparation for Hungary's entry into the EU.

"The Hungarian legal system is prepared to implement the task of legal harmonization in preparation for our entry," Laszlo Kecskes said. He noted that a new era began on 1 February 1994, because once the association agreement became effective, a portion of the tasks of legal harmonization became legal obligations. The EU's program of legal harmonization sets up demands to which the national legal systems of the member countries must constantly adjust.

Hungary's obligation for legal harmonization will not cease even after Hungary becomes a member of the EU. Even after the expected attainment of the member status, we must constantly adjust to the changing European legal material. "The magnitude of the tasks of creating new laws in connection with the integration process is demonstrated by the fact that we must take approximately 300 community directives and recommendations into consideration when we prepare new laws," Kecskes remarked.

Kecskes explained that the EU's legal system has a liberal bent; it is essentially an "antieconomic management law," characterized by the assurance of liberal, community freedoms, and the free flow of persons, goods, and services. All of these aspects were considered in the task proposal of legal harmonization, the passing of which would allow bills concerning customs, patents, insurance, foreign currency management, standardization, environmental protection, and water management to be submitted to the National Assembly in the first half of this year.

The program also provides details about which topics of regulation in the Hungarian legal system must be adjusted to the European norms in the following decade in order to implement the association agreement. In this respect, the proposal divides the tasks of law creation into two categories. It enumerates the areas in which legal harmonization is inevitable in the first and the second five-year period after the agreement takes effect. According to the task proposal, by the end of 1998, among other things, the laws concerning accounting, incorporation, and competition must be modified, and the issues of consumer protection and shipping must be reregulated.

Parliament Ratifies Basic Treaty With Russia

LD2802175195 Budapest Kossuth Radio Network in Hungarian 1700 GMT 28 Feb 95

[FBIS Translated Excerpt] Over to correspondents Andras Domany and Tamas Luigits at the National Assembly where deputies dealt with international agreements this afternoon.

[Domany] The Hungarian-Russian Friendship and Cooperation Treaty was ratified a few minutes ago, with only one vote against. According to Foreign Minister Laszlo Kovacs, it places our relations on foundations of mutual advantage, instead of one-sided dependency, and it provides for cooperation on national minorities issues.

The document was signed in December 1991, but its ratification was protracted in the Russian parliament because certain forces objected to the sentence in the introduction which condemns the Soviet intervention in Hungary in 1956. However, since the decision to ratify the treaty was made in Moscow in January this year, there was no obstacle to ratification by the Hungarian parliament. [passage omitted]

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Sejm Passes No-Confidence Resolution in Government

LD0103110495 Warsaw Radio Warszawa Network in Polish 1042 GMT 1 Mar 95

[Deputy Sejm Speaker Olga Krzyzanowska in the Sejm—live]

[FBIS Translated Text] Who among the deputies favors adopting a motion of no-confidence in the Council of Ministers headed by Waldemar Pawlak, and electing Jozef Oleksy as the new chairman of the Council of Minister and entrusting him with a mission to form a government according to Document No. 877? Could you please raise your hands and press buttons.

Thank you. Who is against?

Thank you. Who has abstained?

Thank you.

I hereby declare that the Sejm has passed, with an absolute majority of votes, a resolution of no-confidence in the Council of Ministers and has elected a new chairman of the government; 417 deputies took part in the vote; 285 were in favor, five deputies were against, and 127 abstained. Thank you.

Olesky To Resign After Formal Appointment

LD0103112195 Warsaw Radio Warszawa Network in Polish 1047 GMT 1 Mar 95

[FBIS Translated Text] After the Sejm passed a no-confidence motion, Jozef Oleksy took the floor.

[Begin Oleksy recording] Thank you very much, Madam Speaker, for letting me say a few words. I would like to give the House assurances in one matter. It is not my or, I think, anybody else's intention that we combine two posts in the state. I expect and make efforts that the president will formally appoint me today. I immediately come to the House and ask to be recalled from the post of Sejm speaker. I think that is obvious; that is the only thing I wanted to say. [end recording]

Oleksy's Decision To Form Government

LD2802205895 Warsaw TVP Television Second Program Network in Polish 2000 GMT 28 Feb 95

[Relayed by TV Polonia Network]

[FBIS Translated Text] Jozef Oleksy has decided to form a government. The Sejm speaker has told journalists that a constructive no-confidence vote in Waldemar Pawlak's government will take place tomorrow [1 March]. The Polish Peasant Party [PSL] and the Democratic Left Alliance [SLD] have decided to impose party discipline with regard to this vote.

[Begin recording] [Oleksy] The motion for a constructive no-confidence vote will be voted on tomorrow. I am prepared to continue the mission to form a government. I want to do this without delay, as this should not drag on for too long. I am counting on goodwill on the part of the president. I would like the government to commence its work, perhaps as soon as this week.

[Unidentified correspondent] What has influenced your decision?

[Oleksy] My decision has been influenced by the firm and unconditional support from both parliamentary floor groups, the PSL and the SLD.

[Correspondent] What will happen if the president does not approve the government appointed by the parliament?

[Oleksy] I cannot imagine such a situation as this would amount to the breaking of the Constitution.

[Correspondent] What would the consequences be?

[Oleksy] The situation would be so serious that it is even difficult for me to talk about this.

[Correspondent] Would you consider...

[Oleksy, interrupting] Anyone with legal and state imagination knows that this would not be a good state of affairs.

[Correspondent] What about the number of deputy prime ministers?

[Oleksy] We are talking about three deputy prime ministers.

[Correspondent] Three from the PSL and one from the SLD? [sentence as heard]

[Oleksy] Yes. [end recording]

Weekly Views NATO's Future, Poland's Membership

WS2802153595 Warsaw TYGODNIK SOLIDARNOSC in Polish 24 Feb 95 p 8

[Article by Zdzislaw Najder: "Poland and the Future of NATO"]

[FBIS Translated Text] An annual conference of NATO members was recently held in Munich. Participants included representatives of states within the Partnership for Peace, all very eminent. Poland, where there are no relevant ministers, was represented only by Janusz Onyszkiewicz. For reasons I do not comprehend, the very likable former defense minister, fully aware of the significance of the conference, said something the course of the session did not justify. He did not say a word about what many commentators considered sensational.

Onyszkiewicz assured on television that the issue of accepting Poland into NATO has been "settled" and that it is a question of "two to four years." Unfortunately, this is a double untruth. First of all, no decision has been made on accepting us into NATO, no one of any authority gives any dates. Even Willy Claes, who is gradually becoming more positive about our membership, repeatedly states that by the end of this year only

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the criteria that candidates have to fulfill will be laid out. He diplomatically emphasizes that the final decision must be unanimous—and it is difficult to predict what the circumstances will be in several years, when 16 governments will make that decision jointly. At this point, no state can be sure it will be accepted. Secondly, the developments of the last few months in Poland are lessening our chances for membership, as we are drifting farther away from the fundamental requirements of constitutional and legal democratic order and civilian-parliamentary control over the Armed Forces. I find it astounding that an eminent oppositionist politician like Onyszkiewicz fails to mention the phenomena so harmful to Polish interests.

Meanwhile, it was signalled at the conference that changes are to take place within NATO itself. It has been acknowledged for several years now that the collapse of the communist bloc deprived NATO of its fundamental binding factor: a common enemy. The opinion that the United States does not need a cost-consuming military alliance has been quite popular in influential circles of U.S. rightists lately. The government in Moscow, on the other hand, has been saying for many years now that currently NATO is anti-Russian and that it must be replaced with a new collective security system.

In this situation, the ministers of three major NATO states in Munich presented—separately, but very uniformly—suggestions for defining the objectives and scope of activities of NATO anew. German Defense Minister Volker Ruehe spoke of a "new, expanded transatlantic system," which would also provide for cooperation in the field of politics and the economy (particularly monetary issues). He was supported by Malcolm Rifkind, his British counterpart, who said that "defense issues do not provide an adequate base" for the necessary cooperation (he repeated that thought one week later during his visit to Warsaw). French Foreign Minister Alain Juppe appealed for the development of "a new transatlantic charter" which would guarantee more solid and more versatile contacts between allies. (This presentation came as a major surprise). All three ministers advocated widening the geographical boundaries of NATO.

Representatives of the United States were (probably pleasantly) surprised with the European initiatives although they did meet longstanding postulates of animating NATO.

What are the implications of these suggestions for Poland? I believe they have both distinct advantages as well as setbacks. The North Atlantic Treaty we want to join might recover from its conceptual inertia and develop a sense of a new mission to fulfill. Euro-American ties may become stronger, which is of paramount importance considering the ever growing international economic competitiveness and the waning will to continue armament. The opinion that expanding NATO is currently needed primarily to widen the territory of political and economic stability will become more widespread.

Plans to expand and develop NATO, however, mean that the sixteen members of the treaty will be very busy with their own issues, not with new members, and that the criteria of accepting new states into this very close circle will be more stringent. The test will be more difficult for Poland. It does not seem like we are preparing for it.

Military Industry Questions Future With F-16's

WS2802151895 Warsaw POLSKA ZBROJNA in Polish 28 Feb 95 pp 1-2

[Article by Apolinary Wojtys: "The Arms Industry Is Fighting Not Only For Itself: Rescue in...Tax on Fuel?"]

[FBIS Translated Text] *People from the industry are helpless: "The planes themselves are only one-tenth, or even one-twentieth of the whole issue. At a time when all those who have MiG planes, including the Bundeswehr, are modernizing them, we insist on the F-16's," they said, commenting on the results of the visit of the acting head of the Ministry of National Defense [MON] to the United States.*

"If only some form of cooperation or at least an assembly plant was provided for, as is the case with Turkey," they sighed. "Otherwise, this will be the end of the Polish military industry."

The Cup Spilleth Over

As we learned, the issue has caused the "cup of sorrow to spill over." On 27 February, the military and aviation sections of Solidarity staged a new protest.

At the union headquarters in Skarzysko Kamienna, the premise of the protest is that "if nothing moves forward" by 17 March, a spectacular action will be staged at the Council of Ministers and the president's office. Unionists claim regular strikes will be organized at selected plants.

The Core of the Protest

... is the size of the MON budget and, as a direct consequence, the minimal amount of deliveries commissioned by the Army from our domestic military industry. It is an open secret that the Army is forced to use up its supplies wherever it can. The implications for, in particular, plants producing classical weaponry, ammunition, missiles, and explosives require no further comment.

In Pionki, Skarzysko, Nowa Deba, or Krasnik, where the condition of military plants was recently improved with a huge effort and at the cost of group dismissals, the situation is dramatically worsening once again.

Of course it is not true that the whole Polish military industry is suffering a lack of resources. MON does, after all, have its priorities which, at great effort and mobilizing all possible reserves, it looks after with greater care, neglecting others. Yet those "others" also have to have resources to uphold their special production potential!

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Let us remember that 16 out of 31 military plants have instituted various debt remittance procedures. They provided for the redemption of an average of 50-60 percent of debts. One of the basic preconditions for the success of conciliatory proceedings with creditors was to secure "decent" orders from the Polish Army.

Closed Circuit

In such cases radical liberals say rescue lies in exports and converting to civilian production. "Meanwhile, we are being restricted in exports in various ways," we learn from a reliable source. "As far as conversion is concerned, we know it cannot be carried out everywhere at once."

It seems the "closed circuit" is becoming even more tight lately. Regardless of protests staged now and again by employees of the military industry—or rather under their noses—talks are held continuously. These talks are mainly with representatives of the Ministry of Industry and Trade [MPiH], who have frequently stressed the huge, positive, and creative influence of the military sector unionists on developments in the whole industry.

Recently, however, the government claims the unions are insisting on the implementation of their own objectives only. They want to enable workers to obtain free shares of privatized plants (more than existing legal regulations allow) and to sign collective agreements for the whole sector, following the model of, for instance, the energy sector (neither the diversity of the production profiles, nor the lack of unity of financial structures of the particular plants within the sector are taken into consideration.)

Thus the thin thread of agreement may break. The unionists are becoming increasingly impatient. Considering the earnings of employees of the military industry and the further dismissals that are projected, it is hardly surprising. Yet what does the government have to offer? The rules of the market, from the social point of view, are sometimes simply inhumane ...

Is There No Way Out?

The parties agree on one basic issue: the quantity of MON orders for the military industry must at least allow the particular plants to pay installments on bank and court debt remittance procedures.

Temporary relief may be offered the moment the current annual budget is approved. That is when all payments to the Social Security Agency commence.

Perhaps a special fund for the technical modernization of the Army should be established?

The initiative of the Polish gminas [smallest administrative units] was once very well known. Director of the Defense Department at MPiH Colonel Jerzy Kade also came forth with a similar concept before a parliamentary commission. He suggested a plan to levy a 1 percent tax on fuel sales.

It seems that, all details aside, it is high time the given suggestions were examined. This is a fight for a fundamental cause: keeping the Polish military industry alive while maintaining its national identity.

As simulated calculations show, approximately 75 percent of the equipment and weaponry in stock in the Polish Army should remain in our country. This, of course, does not exclude cooperation with more advanced countries or transferring their technology to our country.

Doubts Raised in Military

WS0103112895 Warsaw POLSKA ZBROJNA in Polish 29 Feb 95 pp 1-2

[Article by Stanislaw Lukaszewski: "On Concern Over Our Aviation"]

[FBIS Translated Text] *Introducing new weaponry to the Polish Air Forces is becoming a necessity. It is impossible to state, however, when this will take place, what type of equipment will be purchased, and where the money will come from.*

Will the Polish Armed Forces receive new equipment? The next question that naturally comes to mind is what type? It is known that within the Polish Army, the Air Force in particular is in dire need of new equipment. The equipment it does have in stock raises many reservations as it is simply outdated. And aviation plays a paramount role in modern day military conflicts.

Acting Head of the Ministry of National Defense Jerzy Milewski's visit to the United States raised hopes that modern U.S. military planes will be acquired. Unfortunately, under consideration are multipurpose F-16's—the somewhat outdated fighter planes. There is a chance of acquiring planes that are being or will be withdrawn from Europe. In view of our financial resources, however, we can only accept the F-16's as a gift since we have no money to purchase them with. And if we really were to buy the F-16's, is it really worth it? We know that the Americans have been preparing to remove the F-16's from their stocks for quite some time now. They have even stopped producing spare parts for them. Would it thus be a good deal?

If we are to invest in modern technology, we should choose what is best or simply wait. The Americans already have new generation F-22 fighters in stock. We cannot, however, compare the size of our defense budget with that of the United States. Especially as the most modern planes in the world are not cheap. If we were to match up expectations with our potential, we could look at the MiG-29, of which the Polish Army, specifically the I PLM "Warszawa" in Minsk Mazowiecki, already has 12 in stock. These planes are praised by experts. And the Russians are ready to sell us their MiG-29 M and SU-29 plans at nearly any price.

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In replacing our technology, should we look only toward the West? There is a widespread conviction that since we are aspiring to join NATO, we should have military technology compatible with that of the West. Yet the North Atlantic Treaty itself is not homogeneous. Its 16 armies have hugely diversified weaponry, not always modern. Apart from planes such as Tornado, Mirage 2000, or the modern F- 22's, they still use attack aircraft comparable with our MiG-21's. Such is the case, for instance, of Portugal, Italy...

Introducing new equipment is an absolute necessity. How do we meet that demand on our tight budget? It is thus impossible to foresee any reasonable dates of purchases or specify the type of equipment that is to be bought. Many factors, primarily financial, come into play. Contemplating the fate of our military aviation, it is worth considering fighter planes manufactured domestically. "Skorpion" was to be an international hit. Meanwhile, we have been waiting for it to hatch for a very long time.

We have no transporters, we lack multipurpose helicopters for the air and ground landing divisions, our fighters (with the exception of MiG-29) and the SU bombers are rather outmoded. Their careers are nearing an end. What hope is there for our military aviation? What should we do to improve its condition? Is writing press articles all we can do?

One more remark has to be made when pondering the fate of military aviation in Poland. A NATO pilot—and Americans are in the lead in this respect—spends an average of 235 hours in the air. NATO calculations show that the minimum required for maintaining pilot agility and upkeeping the readiness to carry out combat missions in the air is 180 hours. Polish military pilots spend at most several dozen hours behind the controls of their outdated planes. Unfortunately, the conclusions are bitter once again. An analysis of our military aviation brings out the fact that it is becoming increasingly difficult to write about it.

Weekly Critical of Pipeline Agreement With Russia

WS0103082595 Warsaw TYGODNIK SOLIDARNOSC in Polish 24 Feb 95 p 5

[Commentary by Andrzej Gelberg: "After Russian Prime Minister Viktor Chernomyrdin's Visit: The Middle of the Pipe"]

[FBIS Translated Text] The agreement signed with Russia during Prime Minister Chernomyrdin's visit to Warsaw on the construction of a gas pipeline running through the territory of the Republic of Poland is viewed, and rightly so, not only in the economic, but also the political context. Energy carriers are considered strategic material, and the way in which they are distributed, providing for the possibility of "turning off the faucet," can always be used as an incontestable political "argument."

When over 10 years ago Russia—excuse me, the Soviet Union as it was known at the time—signed an agreement with West European countries on the construction of a gas pipeline, it was to run through the territory of what was then the Czechoslovak Socialist Republic. The economically unfeasible decision—a route longer than through Poland, far more adverse geographical conditions (mountains)—did, obviously, have political reasons. Unlike our southern neighbor, Poland must have been perceived by the Kremlin leaders as an unstable state, perhaps even unpredictable. Giving the Poles the possibility to use an additional "political argument," however hypothetical, in possible disputes over the length of the Kremlin chain was against the interests of the Soviet Union.

Now things are different. Construction of a gas pipeline from Russia to West Europe, part of which is to run through the territory of Poland, is in line with Russian interests—economic as well as political. Is it in line with the interests of the Republic of Poland? Certainly with its economic interests. As far as political interests are concerned, complications arise. Previous experience with the pipeline supplying crude oil to the refinery in Plock show that our eastern neighbor knows how to use the "oil faucet" as a political argument.

Making the Republic of Poland dependent on, practically speaking, a monopolist in natural gas supplies will certainly not serve our independence.

Defending the contract signed with Russia, a representative of Pawlak's team said that this time Poland will not be at the end, but in the middle of the pipe, which will limit the possibilities of exerting influence on Poland because Russia will have to deal with West Europe. I claim it will be completely the opposite. Until Poland becomes a member of NATO and EU, the threat that Russia might control the faucet can only cause additional pressure to be exerted on us—this time from the West. Moreover, if as a result of a race against the clock the pipeline is completed before Poland enters NATO, a threat from Russia to close the faucet could once and for all prevent our entry to the European security structures.

In this context it becomes clear what Viktor Chernomyrdin meant when he said in Warsaw that Russia basically agrees to Poland's entering NATO, only why the hurry. The Russian prime minister understood very well that a race against time had started. Our politicians did not prove very farsighted.

P.S. In connection with the vague term of "close and far abroad" introduced to the political language in Russia, a more grim scenario comes to mind. In defense of an endangered pipeline (from what they themselves consider terrorist forces), the Russians could deploy their own forces to protect it. If Poland is not a NATO member at the time, the West might accept that as a fact. Someone might say I am spooking. I think, however, that considering its experiences of the past 200 years Poland should be very cautious on issues pertaining to its sovereignty.

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'Text' of 1995 PSL-SLD Coalition Agreement

WS2702151595 Warsaw TRYBUNA in Polish
20 Feb 95 pp 6-7

["Full text" of new PSL-SLD coalition agreement signed on 15 February in Warsaw: "The PSL-SLD Coalition Agreement for 1995"]

[FBIS Translated Text] *The coalition partners: PSL—the Polish Peasant Party, and SLD—the Democratic Left Alliance, confirm the main assumptions and goals of the coalition government as contained in the agreement signed in October 1993.*

Recognizing the efforts and achievements of the PSL-SLD government led by Waldemar Pawlak, the parties see the necessity for supplying the coalition and presently formed government with new impulses in their program and defining the rules for cooperation between the partners.

This agreement is an expression of this and ought to serve as the basis for creating a PSL-SLD government that is effective, dynamic, and meets social expectations.

The PSL and SLD parties support in solidarity the candidacy of Jozef Oleksy for the position of prime minister of the Republic of Poland, and Jozef Zych for the position of speaker of the Sejm of the Republic of Poland, as well as a candidate from SLD for the position of deputy speaker of the Sejm.

Principles for Carrying Out Socioeconomic Policies

1. The "Strategy for Poland" government program, approved by the Sejm in June 1994, is the basis for the actions of the SLD-PSL coalition in the area of socioeconomic matters. This program will develop the concept of balanced growth of the Polish economy related to carrying out the following three priorities:

—rapid economic growth;

—stabilization of the political system and macroeconomy;

—improvement of living conditions.

The basic condition for carrying out these priorities is the systematic lowering of inflation accompanied by full liberalization of prices. The financial policies of the coalition government are directed towards reducing inflation to single-digit levels in 1997.

In the area of structural solutions the government will, in particular, venture to undertake activities geared toward deepening market-orientated privatization, leading to the clear and systematic reduction of the state-owned sector. Aside from supporting privatization procedures already developed and applied, a program of public privatization of state-owned companies will be implemented for that purpose.

The coalition confirms that family-owned farms are the foundation of the agricultural system. State-owned farms, cooperative farms, and joint and other types of farms will complement this structure. Protection of domestic agriculture and the foodstuffs market, synchronized with the European Agreement [Uklad Europejski] and the GATT will form the basis for economic policies in this area of the economy. The process of adaptation of agriculture to the needs of the international market will require the transfer of means to rural areas to develop infrastructure, create new jobs, and support the process of concentration and specialization of agricultural production.

The fundamental direction for using land administered by the State Agricultural Ownership Agency should either be the sale or rent of land to enlarge and create farms owned by families, while taking into account the interests of the existing labor force.

The government will also initiate action to decentralize public finances, strengthen the financial independence of gminas and reform public services.

Housing construction and infrastructure investment programs, especially programs for building highway systems and telecommunications networks, are an important mainspring for development, generating multiplicative results in the economy.

The "Strategy for carrying out ecological state policies to the year 2000," approved by parliament this January, will provide short-term and medium-range goals in the area of protecting the natural environment.

The deepening tendency of the degradation of the natural environment has for the first time been stopped in 1994, and an improvement in the condition of the natural environment has been observed.

The coalition's actions will be geared toward sustaining the tendency already manifested.

"The Strategy for Poland" is a medium-range program for the years 1994-97. It should therefore be carried out in stages.

The most important tasks in 1995 in the socioeconomic sphere can be summarized as:

—increasing the presence of Polish products and services in the international division of labor by fully implementing proexport economic policies;

—starting regional programs to revitalize entrepreneurship in rural areas;

—developing and implementing concepts for changing the financing and organization of science and institutions of higher learning;

—implementing a program for widespread commercialization of state-owned companies;

—implementing a program for the consolidation of the banking sector;

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—implementing a system for tax identification and preparation of solutions for lessening the tax burden of people in the lowest income bracket;

—creating the first special economic zones;

—carrying out the association agreement with the EU and updating the adjustment program;

—preparing draft amendments to customs laws in accordance with the World Trade Organization agreement, and furthermore, reorganizing the customs service to increase its effectiveness;

—implementing reform of the central economic [decisionmaking] center.

To effectively carry out the tasks mentioned, and more broadly, the "Strategy for Poland," the economic center must be fundamentally reformed. The decisionmaking center—including: the relationships between ministries, central administrative offices, and government agendas—needs change and must be organized in a fashion that meets European standards. The changes are necessary to make possible the continuation of the effort to abandon statism and to demonopolize and deregulate the economy

2. Social Policies

After the implementation of the provisions of the coalition agreement regarding:

—raising the lowest retirement pensions and disability pensions to 39 percent and 30 percent of average pay;

—raising the base rate for the adjustment of retirement and disability pensions from 91 percent to 93 percent;

—halting the rise in unemployment;

—reforming [the system of] family and sickness benefits,

the coalition's continued goal will be to focus on the following tasks:

—to reform the labor law as expressed in such acts as: the Labor Code and collective labor relations;

—to reform medical disability certification procedures, employment of disabled persons and their occupational rehabilitation;

—to reform social care by introducing such measures as minimum guaranteed income and social welfare;

—to reform social insurance by creating the conditions for individual providence and raising the quality of services, rationalizing the criteria for acquiring rights and changing the rules for organizing and financing social insurance;

—to implement a program for actively combating unemployment, providing such measures as: unemployment insurance, a fund for activating the unemployed, and a closer correlation between budget expenditures to the individual activity of people and gminas.

These measures will serve to protect the poorest families, to rationalize social expenses out of the state budget, and to adjust labor laws to the rules of market economy and the regulations of the International Labor Organization.

3. Reform of the Health-Care System

The coalition plans a speedy implementation of a comprehensive solution for improving the condition of the general population's health, improving health care, and rationalizing expenses by providing a specified range of guaranteed services paid for out of public funds, and also, a gradual change from financing from the budget to a system of general and obligatory health insurance. A market of medical services will be created, moving the allocation of funds to voivodships whereby the flow of means will trail the patient's treatment.

In the interim, beginning this year, foundations for the operation of insurance institutions will be prepared as well as changes in the organization and financing of health care centers, based on contracts; also, a system of mutual settlements will be made possible through a register of medical services.

A basic element will be the implementation of a system of group training of family doctors, as well as a reform of district hospitals and emergency care units. This will allow for the required standard to be universally guaranteed and make available modern health care, as well as early diagnosis and treatment based on standard medical procedures. The transfer of primary health care and preventive care to local self-governing bodies will be continued as extensively as possible. This program democratizes the health care system by increasing the influence citizens have on the quality and availability of health services.

4. Educational Reform

In reforming education the coalition aims to:

—bring about a change in the educational system and its management, which will promote tying schools to local self-government beginning 1 January 1996—introduce appropriate changes to the act on the educational system;

—raise the status of the teaching profession by visibly improving the material situation and, at the same time, sharpen the qualification requirements for those positions by introducing appropriate amendments to the Teacher's Charter;

—develop multifaceted forms of college training (for bachelor's, master's and Ph.D. degrees) leading to a lowering of the costs of education and costs of adaptation to the needs of the job market.

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Business Administration Reform and Development of Self-Government

The coalition upholds its decisive will to continue the reform of state and public administration. It is in favor of decentralizing the state and developing local self-government.

To reach this end it plans to:

5. Strive to strengthen the position of the gmina as the fundamental unit of local self-government. To achieve this, work will be initiated to:

5.1. broaden the prerogatives of gminas and design a practical model of how associations of gminas, having a common goal, will function;

5.2. reform the finances of gminas to increase the revenue obtained by those gminas, taking into account the possibilities offered by the state budget and the rules for safeguarding the stability and ability to forecast gmina revenues;

5.3. introduce the categorization of communes—in particular, gminas that make up towns or cities;

5.4. analyze the possibility of introducing election by direct vote of such local officials as: heads of the gmina administration, as well as town and city mayors;

5.5. amend the electoral law for elections to gmina councils by establishing a threshold of 20,000 inhabitants for proportional elections;

5.6. amend the law concerning the national forum of Local Self-Governing Bodies in the direction of institutionalizing the national forum and changing the rules for its election.

6. Analyze the purposefulness and possibilities of carrying out a reform of the administrative division of the country and of creating a new level of local self-government, in particular to:

6.1. perform an analysis of the actual costs of the functioning of joint and special government administration on the district, voivodship, and regional level;

6.2. complete a chart of the goals and prerogatives of various public administration entities and perform a study of their effectiveness;

6.3. draw a list of the actual operating costs of the public services sector (health care, education, culture, sports, internal security, etc.) matched against the sources for obtaining means for these services;

6.4. commence preparatory work on draft legislation on the state's regional policies.

7. Strengthen the authority of voivods by:

7.1. empowering them with ownership and supervisory rights on behalf of the State Treasury—to a larger degree than before;

7.2. increasing voivods' powers with respect to special government administration to coordinate and control;

7.3. transferring to them the decisionmaking rights of the carrier from central offices and state administration authorities;

8. Reform the political center, by taking such steps as:

8.1. give approval to, and carry out the plan to decentralize the responsibilities of central bodies of government administration; prepare draft legislation on the Council of Ministers and amendments to appropriate laws;

8.2. prepare and implement a plan for reforming and deconcentrating public services in conformity with accepted solutions for government administration and the administration of self-governing bodies.

8.3. review and effect necessary changes in the structure of central administration offices, also including changes in their functions, goals, and supervision;

8.4. call into being a state-run customs service;

9. A permanent watchdog team should be formed on an ongoing basis to assess the performance of the provisions described above.

Citizens' Safety and Public Order

10. A democratic state must ensure the safety of its citizens, and must effectively combat crime and threats to public order. It is the SLD-PSL coalition's view that full observance of human and citizen's rights depends on progress in these areas. Due to a rise in the number of criminal offenses and business-related crimes, the full realization of the government program adopted in June 1994 will be a priority in the actions of the coalition, so that citizens may be guaranteed calm and the certainty they do not have to live in fear of their lives, health, and property.

11. The basis for the program of the coalition's activities is the aim to steadfastly:

11.1. remove shortcomings in the condition of the law: the tax law, customs law, foreign exchange regulations, and other areas of administrative law, and also commercial law, law on public economic activities and penal law.

11.2. eliminate circumstances in which the law is applied ineffectively;

12. The fundamental goals of the program are to:

12.1. hold in check the disadvantageous tendencies in the dynamics and structure of crime (criminal offenses and business- related crimes) to a degree guaranteeing improvement in the safety of both individuals and the state;

12.2. improve the detection of business-related crimes, in particular those associated with organized crime and

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those linked to the corruption of officials of state or self-governing bodies, or those jeopardizing the safety of business activities.

12.3. improve the detection of criminal offenders and effectiveness of authorities responsible for the prosecution of crime and protection of the state public order;

12.4. create conditions for the improvement of the effectiveness of the work of the prosecutor's office and of court decisions to a degree allowing for a justifiable shortening of the period from detection of the perpetrator of a crime to a binding court decision (also applies to organized crime);

12.5. improve the workstyle of officials and civil servants employed to maintain order and safety, while at the same time broaden their cooperation with a broad spectrum of the population, especially in the prevention of crime, the organization of social self-defense movements, and raising the awareness of the law in the minds of citizens.

13. Regarding legislation: The coalition attaches primary importance to actions which serve to shape law in a way that will guarantee its provisions are clear, coherent, and intelligible. The coalition recognizes as fundamentally important that all initiatives, including those related to preparing new codes and amending existing regulations:

13.1. are an instrument for protecting human and citizen's rights and freedoms;

13.2. take into consideration needs related to creating conditions for conducting business activity in a market economy;

13.3. respond to challenges rising from tendencies evidenced by crime by creating the necessary procedural foundation for the effective work of prosecuting authorities and the administration of justice, including the creation of a basis for the necessary broadening of legal responsibility for crimes that are regarded as particularly dangerous;

13.4. attempt to simplify and reduce procedural bureaucracy in the case of minor offenses and misdemeanors, and to expedite preliminary proceedings and court proceedings;

13.5. recognize the political impartiality of prosecuting authorities and the independence of the court of law and judges of the court;

13.6. harmonize Polish law with the law of the EU.

14. On the organizational level, the coalition attaches fundamental importance to the serious reinvigoration of the system for coordinating activities of various state administrative agencies with those of nonstate institutions, developing a joint strategy for fighting organized crime, fighting international crime, crime that is menacing to the life and health of citizens, and also to the professional training, equipping, manning, and distribution of staff from institutions for prosecution and administration of justice, including the transfer of persons to these institutions of persons currently employed in other organizational units.

15. The coalition considers as indispensable the gradual increase in spending for the protection of citizens' safety and the undertaking of efforts to have expenditures for operations of prosecuting authorities and legal protection on a comparable level, within the budget, with those for insuring external security and that expenditures are made in a manner conducive to maintaining rational staffing policy and performing substantive activity, and also to set in motion mechanisms, including mechanisms of extrabudgetary financing, tying means allotted to particular legal-protection agencies to the effectiveness of their work, including, their effectiveness in the financial sphere.

16. The measure of the effectiveness of steps designed to improve citizens' security and enhance public order will be:

16.1. curtailment of the growth in crime;

16.2. increase in the rate of crime detection, including in large urban areas;

16.3. shortening the period measured from the detection of a criminal offender to the closing of the case with a binding court decision, major cases of fraud, included.

Foreign Politics

The PSL-SLD coalition confirms the continuity of Polish foreign policy and the need to build a social and political consensus as wide as possible in consequence of its main goals.

The government will undertake the following necessary actions aiming to:

17. integrate Poland with European structures, in particular, with the EU, while at the same time protecting Polish economic interests; finalize efforts to gain admittance to the OECD;

18. secure effective guarantees of security for Poland and create a genuine system of collective security in Europe, primarily through Poland's accession to NATO, furthermore through efforts to gain membership in the Western European Union, developing cooperation within the Partnership for Peace and the Organization for Security and Cooperation in Europe;

19. develop comprehensive forms of cooperation with the United States of America;

20. build up dialogue and cooperation towards good-neighborly relations with all of Poland's neighbors—to strengthen and deepen regional cooperation within the Visegrad Group, the Central European Free Trade Association zone and countries bordering on the Baltic Sea;

21. develop economic, political, and cultural cooperation with Russia;

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22. develop contacts and cooperation with Asian, African, and South American states, and in particular, with states of the Far and Middle East;

23. efficaciously support Poles living abroad and develop contacts between them and their homeland.

Principles of Governmental Information Policy

24. The necessary condition for the success of the program of social and economic reform in Poland is the guarantee that citizens are well-informed about public matters that are being decided, in particular, decisions and solutions proposed by all the agencies of governmental administration, so that they may acquaint themselves with these issues, understand them, and take a position on their merit. The coalition parties therefore recognize as mandatory that the government projects information and promotional policies that are coherent and multidirectional, and that permanent mechanisms for agreeing on the principles, procedures, and directions of those policies are set up within the coalition.

25. The area for cooperation with regard to the information policies of the coalition parties will, in particular, be matters associated with defining:

25.1. the principles and procedures for running an integrated government system of information;

25.2. the mechanisms for coordinating the activities of all information departments of the coalition, including party spokesmen, parliamentary spokesmen, and the press;

25.3. the manner in which to utilize information channels at the disposal of government administration to insure reliable information about the workings of the government is transmitted;

25.4. the methods and course of action to gain greater influence over the public media channels and shape the information system in the country by using available legal instruments, including solutions from the Radio and Television Media Act;

25.5. the formula for the government's cooperation with the media directors and reporters.

26. The activities of government information services should be organized and coordinated by the Government Information Office managed by the government press spokesman whose position will be equivalent to that of a [ministerial] secretary of state, appointed and recalled by the chairman of the Council of Ministers after prior consultation with the party chairmen of the parliamentary parties making up the coalition. The office should perform its assigned tasks by:

26.1. preparing press reports that are broad in scope and accurate for domestic and foreign addressees;

26.2. conducting studies and reviews related to monitoring of public opinion and the activities of domestic media sources and Poland's image as projected in foreign media sources, and also by formulating evaluations and proposals concerning current and strategic directions for information activities;

26.3. offering ongoing support for contacts with other media channels, within the framework of the government press and conference center as well;

26.4. insuring there is a speedy reaction in instances which deserve comment or evaluation from the government position;

27. To guarantee adequate coordination by the Government Information Office of activities of various information services of the government administration, a Press Board will be established, made up of delegated representatives of various ministers, directors of central organs of state, and voivodship administration.

28. To insure continuous monitoring and evaluation of information and promotional policies an Information Policies Group will be formed, whose members will include representatives of both coalition parties appointed by chairmen of the parliamentary clubs of both parties.

29. Responsibility for the information policies of the coalition will rest with:

29.1. the prime minister—for the policies of the government;

29.2. individual ministers—for the policies of their ministries.

Principles of the Internal Activities of the Coalition

The parties forming the coalition will jointly define and accept the basic principles and conditions for its existence and the scope of its activities, and also will accept the responsibility to abide by the rules jointly drafted and approved by both parties. The activities of the coalition relate to the performance of the Coalition Agreement signed in October 1993, together with the enclosures and later additions and amendments. It may also concern other matters, as agreed upon by the partners. The performance of the agreement has been planned for the duration of the parliamentary term, i.e., for the years 1993-97.

30. The principles for the internal activities of the coalition.

The basis for the existence of the coalition are equal rights and equal coresponsibility in exercising power of the partners. Cogovernment is manifested through joint decisionmaking, joint substantiation of these decisions, and their joint implementation, as well as joint accountability for them.

Cooperation within the coalition will, in particular, relate to:

—key political, social and economic issues;

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—initiating, prioritizing and timeframing the performance of the goals and tasks of the coalition, as agreed by both politicians and experts of the coalition;

—cooperation of the coalition parties in parliament (between parliamentary clubs, in parliamentary commissions in the Sejm and Senate, in the Presidium of the Sejm and Senate) so as to obtain a majority vote in the Sejm and Senate, in the work of the Council of Ministers, in ministries and voivodship administration, in economic entities with part state ownership.

The coalition partners accept the rule that in the issues mentioned above neither party will outvote the other in the Council of Ministers, parliament, unless the parties decide otherwise.

31. The coalition's political forum.

31.1. The coalition partners will form a political forum for undertaking fundamental political decisions concerning the government and parliament. It will be composed of five people from PSL and five people from SLD who will evaluate the sociopolitical situation, the government, and the status of the performance of the coalition agreement.

31.2. The head of the Council of Ministers [a minister] will be responsible for technical and organizational facets of the political forum's activities.

32. Instruments for cooperation.

32.1. Responsibility for proper functioning lies with the chairmen of the coalition parties and their parliamentary clubs, the presidiums of these clubs, and members of the government belonging to coalition parties. Decisions with an essential impact on political, economic, and social questions, whose bearing on the functioning of the entire state is of a strategic nature, will be agreed upon by the decisionmaking bodies of the coalition members.

32.2. The decisions concerning appointment of persons to key positions in the state and their dismissal (in the understanding of the 31 July 1981 act), and likewise, such decisions concerning ambassadors and chiefs of embassy commercial counselor's offices, as well as chiefs of other independent Polish offices abroad, within the scope of the government's powers, will be made after prior consultation with the chairmen of the parliamentary clubs forming the coalition, with the stipulation that ministerial portfolios in the government are filled by the coalition partner designating the candidate for the minister's first deputy, ranked as ministerial secretary of state or undersecretary of state.

32.3. Decisions concerning appointments to such positions as voivod or deputy voivod are preceded by consultations with authorized representatives of political parties forming the coalition and parliamentarians from the coalition representing a specific region (voivodship), with the stipulation that the party that in the 19 September 1993 elections received the highest number of mandates will first be able to present its candidate for that position (of voivod). The final decision will be made by the prime minister, after agreeing with the chairmen of the parliamentary clubs forming the coalition, with the reservation that the opinion of local self-government body should be taken into account in the decisionmaking process.

32.4. Decisions concerning appointments to key positions in the government's special administration will be preceded by consultations of the appropriate minister or voivod with the parliamentarians from the coalition representing the given region (or voivodship). In the case of a difference of opinion, the dispute will be settled by the chairmen of the parliamentary clubs forming the coalition or by persons they have authorized.

32.5. Chairmen of parliamentary clubs forming the coalition, or persons delegated by them, will enter into agreements of joint will in the case of staffing problems in business or social institutions where personnel decisions do not lie directly within the scope of the parliament or government; also, the same procedure will apply where agreements in staffing issues related to state ownership representation in economic entities are needed.

32.6. In cases concerning local self-governing bodies, the coalition parties will enjoy the liberty of concluding local coalition agreements with parties outside the SLD-PSL coalition, if that lies in the interest of the region and its inhabitants, and the political, social, and economic programs of these parties are not in opposition to the coalition's program.

32.7. The rule will be the parliamentary clubs' support for government draft legislation and draft resolutions and a common position on extragovernmental legislative initiatives and resolutions. To abide by this rule, ministers are required to engage in necessary consultations with the leadership of parliamentary coalition clubs. Deputies and senators from coalition clubs will consult their initiatives related to legislation or resolutions with the appropriate ministers. Departure from this rule will require prior discussion between the coalition members.

32.8. Draft legislation approved by the Council of Ministers must be directed to the Sejm within 14 days, unless otherwise agreed by the coalition partners.

33. Coordination within the government.

33.1. The functioning of the coalition within the framework of the workings of the Council of Ministers is assured by the leadership of the government, which includes such persons as the chairman of the Council of Ministers, the deputy chairman of the Council of Ministers, the minister who is head of the Office of the Council of Ministers, the chairman of the committee of the Council of Ministers, and one minister recommended by the coalition party that did not designate its member to the post of prime minister.

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33.2. The leadership of the government is an internal body of the Council of Ministers. Its goal is to raise and develop the efficiency of the coordination of the coalition within the government. It takes a position in every matter presented for its discussion by any member of the leadership.

33.3. Meetings of the leadership of the government should take place regularly in conformity with schedules determined by the leadership and should, in particular, cover such issues as:

—determining the agenda for meetings of the Council of Ministers and the acceptance of a course of action;

—approval of resolutions concerning Poland's relations with other nations, international treaties, external and internal security, the public debt, the quantity of reserves, approval of government guarantees;

—presentation of draft legislation to the Sejm;

—determining the position of the Council of Ministers with respect to extragovernmental legislative initiatives.

34. Coordination in the parliament.

34.1. Cooperation within the coalition will be coordinated in the parliament by the chairmen and the presidiums of the parliamentary clubs. It will involve the carrying out of the Coalition Agreement and other additional agreements reached by the parliamentary clubs.

34.2. Meetings of the presidiums and entire coalition clubs will be held periodically. The frequency of such meetings will be determined by mutual agreement. Upon a motion from either party, meetings of the presidiums and clubs may be held extemporaneously, at the earliest possible date. A common document (memorandum, resolution, statement, communique) will be prepared after each meeting, subject to the approval of both parties.

34.3. Either leader of the parliamentary clubs may at any time demand consultation with his partner from the other party. The demand for consultation must be met without delay. An appropriate record of the consultation must be prepared. If positions diverge, negotiations will be started without delay.

34.4. In a crisis situation, the chairmen of parliamentary clubs are entitled to the unilateral convocation within 24 hours of joint meetings of the presidiums or parliamentary clubs to discuss the existing situation.

34.5. Deputies and senators appearing in debates on behalf of the coalition clubs will consult the assumptions of their presentations with each other. If differences with regard to key issues are noted, they will notify their club chairman, who will be responsible for taking necessary action to make the adjustments.

34.6. Joint voting in the Sejm or Senate on draft legislation and draft resolutions related to matters written down in the Coalition Agreement or in consequence thereof will serve as the basis for cooperation within the coalition.

34.7. In matters of extreme gravity, when agreed by both parties, voting discipline will be introduced. Breach of the agreed-upon voting discipline will be treated as a serious violation of the Coalition Agreement.

34.8. The cooperation of SLD-PSL in parliamentary committees will be coordinated by members of the leadership of these committees representing both coalition parties.

The parliamentary clubs may allow their party committee members the freedom to take their own position on particular issues or may determine the position the club will take, also in agreement with their coalition partner.

[Signed] Waldemar Pawlak, Aleksander Kwasniewski, Jozef Zych, Jozef Oleksy, Adam Struzik, Wlodzimierz Cimoszewicz, Dominik Ludwiczak, Marek Borawski, Aleksander Luczak, Jerzy Szmajdzinski

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Presidency Greets Citizens on Independence Day

AU0103113795 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0900 GMT 1 Mar 95

[FBIS Translated Text] On the occasion of 1 March, Bosnia-Herzegovina Independence Day, the Bosnia-Herzegovina Presidency has extended his best wishes to all citizens:

The citizens of this country voted at a referendum for its independence and freedom, which they have been courageously defending. So far 93 UN member countries have extended support to this pledge by the citizens of Bosnia-Herzegovina. The Bosnia-Herzegovina Presidency reiterates its determination to respect the principles of independence and freedom, and to persist in the prompt establishment of a just peace in our country.

This is stated in the note from the collective head of state to all citizens of the Republic of Bosnia-Herzegovina.

Clinton Congratulates Izetbegovic

LD2802223795 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 2100 GMT 28 Feb 95

[FBIS Translated Text] U.S. President Bill Clinton sent a message of congratulations to Alija Izetbegovic, the president of the Bosnia-Herzegovina Presidency, on 1 March, the day of independence of the Republic of Bosnia-Herzegovina. The message, handed to Alija Izetbegovic by Viktor Jackovich, the U.S. ambassador in our country, reads: Dear Mr. President, I would like to send you cordial greetings on the state holiday of the Republic of Bosnia-Herzegovina from the U.S. Government and people. We in the United States have for a long time admired your people's courage and determination to persevere and build a society based on the principles of freedom, democracy, and pluralism. It is truly admirable that you have made progress in this respect, despite the violence that has erupted throughout your country since it was proclaimed independent. We are aware of the huge challenges encountered in your efforts to alleviate the acute suffering caused by the war. We are prepared to cooperate in the building of Bosnia when the hostilities end. Once again, I send you my regards, and through you to the people of Bosnia-Herzegovina. I assure you that I speak on behalf of all Americans when I express my admiration for your courage and adherence to democratic and pluralistic principles under such difficult circumstances.

Bundestag Member Conveys Germany's Support

AU2802161895 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 28 Feb 95

[FBIS Translated Text] Haris Silajdzic, prime minister of the Republic and Federation of Bosnia-Herzegovina, today received Bundestag member Norbert Gansel. Johannes Preisinger, German ambassador to our country, also attended the meeting.

Gansel briefed Silajdzic on the talks he held in Mostar with Hans Koschnik regarding the situation in the city. He stressed that the German Government and all the political parties were unanimous in their support for a multinational and multicultural Bosnia-Herzegovina within its internationally recognized borders.

Gansel expressed concern over Croatia's decision to cancel the UN Protection Force mandate as of 31 March 1995. He stressed that Germany supported the Contact Group plan and that German diplomats were actively supporting the Federation. Prime Minister Silajdzic stressed that we expect Germany to further intensify its role in the peace process and expressed gratitude for the humanitarian aid and support extended to our refugees in Germany.

Silajdzic: Peace Plan 'Televised Execution'

AU2602181395 Rijeka NOVI LIST in Serbo-Croatian 13 Feb 95 pp 18-19

[Interview with Bosnia-Herzegovina Prime Minister Haris Silajdzic by Jelena Lovric in Zagreb; date not given: "Pale Does Not Understand the Language of Peace"]

[FBIS Translated Text] *We found Haris Silajdzic in Zagreb in the Bosnian embassy at Pantovcak, on the phone with Bihac. The situation there is again increasingly dramatic. It appears that a new Serb offensive is starting, and it is believed to be the largest one so far. Later, in another place, we heard that the Serbs were planning to connect their two self-declared states, the one in Croatia and the one in Bosnia-Herzegovina, within two weeks, and certainly before UNPROFOR [UN Protection Force] leaves Croatia. However, the prime minister of Bosnia-Herzegovina, both the Republic and the Federation, said that things will not work out the way they imagine they will. He asked the most questions about the humanitarian situation, which is said to be very difficult. He said he had just spoken to Akashi about it, and would again. There is a shortage of food in the surrounded Bihac enclave—it cannot be dropped by planes, it is not allowed to pass by land, and only enough to die slowly is arriving.*

Silajdzic, however, seems much more cheerful than some 10 days ago when, very bitter—after talks with the Contact Group and their sudden decision to go to Pale—he started his grand tour—the United States, Moscow, and Munich, where he attended the meeting at which, under the patronage of the United States, it was decided that the Bosniak-Croat Federation must move forward. This is the reason we asked him to begin with what had changed in the meantime.

[Silajdzic] I think that we have improved our political position in the past 10 days or so. The aim of Minister Kinkel's visit to Sarajevo, and of my diplomatic initiative, was to make the peace process more dynamic; it had stagnated because the international community is not prepared to use force and would not allow us to defend ourselves. This position benefits our enemy, the regime in Belgrade, and its strategy of maintaining the status quo. You could say that the international community intervened, but on the side of the enemy—first with its

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arms embargo, and now by maintaining the status quo on the ground. It is amazing that, after three years, they still insist on the embargo, although in the meantime it was proved that it only benefits the aggressor. There is no doubt that it is unjust and immoral, but if it had yielded some results, it might perhaps be understood. However, the only thing that has been proved is that the embargo has helped kill innocent people, and that it has not produced any kind of peace.

Bosnia-Herzegovina—The Embodiment of the Problems of the New World

[Lovric] Did you ask for the arms embargo to be lifted in the United States?

[Silajdzic] We have been asking that the arms embargo be lifted multilaterally. At the same time, we have pointed out that the multilateral embargo does not imply the lifting of unilateral responsibility. Responsibility is individual in any case; each state is responsible for its actions, as these are modern states. Any government that maintains the embargo against Bosnia-Herzegovina is responsible for what is happening there, for the fact that we cannot defend ourselves. Two hundred thousand people have been killed in Bosnia-Herzegovina, 17,000 of whom are children. Eventually, regardless of all the possible consequences of lifting the embargo, self-defense is our right, and no one has the right to take that away, especially not governments that consider themselves democratic.

When we talk about Bosnia, we always say that the issue is not only us. Bosnia practically embodies the problems of the new world, of the new order, of what is coming. Chechnya is one such problem. Unfortunately, we will have many such problems because the international community did not have enough strength or vision to realize that this was a test case. We pointed this out, but the world tried to keep the problem within Bosnia, according to the formula: It is important that it not spill over, and whatever happens inside will happen inside. The excuses were: We are sorry, but what can we do--you are here, you are paying the price of peace. They did not realize how dangerous this illusion was. You cannot keep a virus of a dangerous ideology, the virus of chaos. We know very well that Bosnia has already caused great damage, and that the consequences of the international community's inadequate reaction will be felt for decades to come.

The International Community on the Move

[Lovric] According to some of your statements immediately before you left for the United States, and according to some other things—for instance, withdrawing the U.S. ambassador from Sarajevo—it could be observed that the United States was changing its patronizing attitude toward Bosnia-Herzegovina.

[Silajdzic] Despite the fact that the U.S. ambassador is withdrawing, I did not say anything about that. Americans simply thought that they could finish something in contact with Pale. We told them they would do nothing, and this is precisely what happened. Then I left for the United States and presented the measures that should be taken, among which was that this Contact Group plan be presented to the UN Security Council, and thus become an official document. The issue is the internal reorganization of Bosnia-Herzegovina—discussion of borders is absolutely out of the question—and internal reorganization is up to the legal government. It would be good to have the consent of the people from Pale, but if there is no such consent, then the international community should accept and implement it through Security Council resolutions. Naturally, during the ceasefire period this job should be completed. However, if the aggression is restored—which is not up to the international community, to us, or to the regime in Belgrade, since it has accepted that plan also, but is rather primarily up to those to whom Serbia has been supplying weapons—and if these people still want war in Bosnia, then the international community must completely change its course.

[Lovric] What does that mean?

[Silajdzic] That means that all the measures cited in the 30 July Geneva communique, including the lifting of the embargo. As you know, the international community has not implemented these measures.

Exceptional Support From the U.S. Congress

[Lovric] Do you think that could change?

[Silajdzic] We asked the United States to lift the embargo unilaterally because this is an issue of unilateral responsibility. I discussed this with its highest officials. It seems to me that we have never had greater support from the entire U.S. Congress. Naturally, the administration is somewhat more cautious in that respect, but we hope that this will improve with time, merely with the fact that they now realize too that these people in Pale, our enemies, simply do not understand the language of diplomacy, of peace. If they do not change their mind within the next few weeks, some drastic measures will have to be carried out.

[Lovric] Do you mean that they expressed understanding in that respect?

[Silajdzic] Absolutely. We have much understanding in the U.S. Congress, which is an encouraging fact. The way that the Russians received us was also encouraging. I travelled to Moscow following the invitation of the Russian Government, I met with the prime minister and the foreign minister, and the Russians confirmed again that they fully support the integrity and sovereignty of the Republic of Bosnia-Herzegovina, and that they will not relinquish that position.

[Lovric] How would you comment on the fact that Tudjman's closest associates were stating at just about that time that, apart from Izetbegovic, nobody supported the preservation of a united Bosnia-Herzegovina?

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[Silajdzic] I did not hear this, but whoever cares to can see for themselves. We are supported by the entire European Union and at least 98 percent of other countries in the UN, which I do not think is a meager amount—we, therefore, have the support of the entire world, including Serbia's ally, the Russian Government, not to mention the United States. I am not entirely sure about Zimbabwe, perhaps, or some such country....

Arbitration Better Than Conflict

[Lovric] If this is the only country you are not sure about, I think you will manage to survive somehow. What is your assessment of the results of the meeting in Munich in that context?

[Silajdzic] As Richard Holbrooke said at the press conference, it was the Sarajevo initiative—President Izetbegovic's and mine, if you will—that we meet and finally start to resolve certain issues. Since everyone interpreted the Washington Agreements in their own way, tensions between Bosniaks and Croats increased, so we arrived at a point where we needed arbitration. Ministers Granic and Susak, and Mr. Zubak agreed with this; we all agreed that we needed it. A committee of experts, including military ones, will help us. In my opinion, this is a matter of great responsibility, since we are now building a future for both states for relations between Bosniaks and Croats, and we cannot not take this seriously. I think the time has come to request arbitration. Unfortunately, there is no other choice. We simply need it. It would be better if we did not need it, but this is better than not making any progress or making mutual accusations. Arbitration is better than conflict.

Hiding Behind Slander

[Lovric] There are claims that the people, both the Bosniaks and the Croats, more or less support the Federation, but that the problem are the people at the top, and you are very often mentioned as the person who creates big problems.

[Silajdzic] I? I can say, without false modesty, that I am at least partially responsible for the fact that the federation exists. I know very well what its role is, I believe in it, and we will eventually accomplish it. Those who slander me in fact want to hide. Go to Mostar, and a neutral person like Koschnick [EU administrator] will tell you exactly where the problem is. It is another matter if someone thinks that the federation consists of so-called Herceg-Bosna and the rest of this Bosnia, as some in Herzegovina say—Herceg-Bosna plus the rest of their Bosnia, is what they say. They are wrong, and Haris Silajdzic will always oppose that. If they slander me this way, then they can be sure I will never change that position.

[Lovric] On the other hand, I have heard from some Croats that you resolutely claimed that Bosnia must be democratic, or else it does not deserve to exist.

[Silajdzic] This has always been my position. I have always said that, and I will continue to do so. Our people in Bosnia, and Croatia too I believe, have had enough of violence of all kinds, they have had enough of Chetnik violence, and they do not need the violence of exalted patriots who think they know everything. If we do not insist on democracy and parliamentarianism in Bosnia, we will start lagging behind, not only technologically, but also politically. We cannot and will not make a black hole out of Bosnia; we live in Europe, and that is a fact. If we remain static in this respect, the dynamics around us will simply cave us in. If we lag behind materially because of the aggression, and if we cannot achieve a certain standard of living because of the war for a long time to come, at least we will have democracy and freedom of expression. We have worked on this since the very beginning. This is true, and, regardless of certain exceptions, we can prove it. We have freedom of the press—that of the Stone Age, but we do have it.

[Lovric] Freedom of the press?

[Silajdzic] Yes, this is a fact—we have freedom of the press from the Stone Age. Anyone can found a paper or a television station in Sarajevo now. There have been many newspaper ventures, there are several privately owned radio stations, and the first independent TV station is going to start working soon. Naturally, the problem now is whether we have people critical enough to understand what democracy is and to want it. It seems to me that there is a critical mass of people who have been given certain positions they do not deserve with regard to their abilities, and now they do not know what to do.

We Did Not Respond With a Sword for a Sword

[Lovric] There has been much talk of Islamization of Bosnia. Five members of the Bosnia-Herzegovina Presidency publicly protested this phenomenon in the Army. You were not in Sarajevo at the time, but you do know what this is about, don't you?

[Silajdzic] First, the Islamization of Bosnia ended in the 15th century, just as Christianization ended a long time ago. Those who wanted to be Muslim did not have to wait until now. Considering the fact that the Muslim element has demonstrated a very clear ability and readiness for a democratic, pluralist life—if you will, in the former Yugoslavia it firmly believed in the unity, and by God, it cost it a great deal—I see nothing wrong with Muslims remaining what they are.

If you are talking about the phenomenon or syndrome of fundamentalism—without getting into etymology, this is a term used primarily by those who do not understand anything or very little about the phenomenon of Islam. This term does not describe Islam, it describes those who use it. If this involves radicalization on a religious basis, I can tell you that this is present, which is normal, and I am surprised that it is not worse. I expected that with each shell a layer of tolerance and civilization, accumulated through years of coexistence, would fall. With each

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new massacre I was surprised at how many layers there were, how well isolation was accomplished. I keep wondering about that. After everything that has happened to us, I assert that some of the most civilized people in Europe live in Bosnia. I am absolutely sure of that. After all, we did not respond with a sword for a sword, we did not systematically evict, burn, kill. The old Orthodox church is still in the middle of the Muslim part of Sarajevo, and when the Serb shells set it on fire, Muslims were quenching the fire. This is a quality that speaks for self-control and self-consciousness, which is always the kind of material of which civilization is made.

Europe Is Immune to Fascism

[Lovric] Are you saying there is no fundamentalism?

[Silajdzic] There is. As far as fundamentalism is concerned, you can see the consequences of a strict fundamentalism all over Bosnia—the fundamentalism that digs life and culture from the foundations. For instance, there is neither a Catholic nor an Islamic community in the Banja Luka area; they were completely destroyed. However, the issue is a fundamentalism to which Europe seems to have become immune—though it is really fascism—because it is homemade. Europe tolerates something it had twisted itself, while considering any other fundamentalism terrible—God forbid the hypothetical Islamic one. I have the feeling that some people have taken this as their idee fixe, although they know next to nothing about it. However, you should never forget what, for instance, Krleza wrote and said about Bosnia and the Bosnian civilization. We are heirs to a rich culture that has brought much good. This meeting of civilizations in Bosnia has brought many good and many terrible things.

[Lovric] You have not answered my question about the religious indoctrination of the Army.

[Silajdzic] You have religious servants in every army in the world—each religion has this, and each army has it; it is nothing new. I was not in Sarajevo then, so I do not know what happened exactly, but one thing is sure—there is always someone looking for problems in Bosnia, wanting to break the unity of the Bosnian leadership. I understand this—this is part of the special war. However, the problem arises when the people within the Bosnian front, the front for Bosnia, which should be united, accept it.

[Lovric] How would you account for it? It is easy to see that there are some disagreements and conflicts in the Bosnian leadership; what are they about?

[Silajdzic] Disagreements must exist, because we live in a democracy. We in Bosnia do not want a regime in which all people do is nod and do what one person says and decides. We do not want that.

I Am in the Way of Many

[Lovric] What about conflicts?

[Silajdzic] I find it painful that the protagonists of all these affairs and some of the conflicts are among us. When individuals accept this because of their personal ambitions or personal settling of accounts in the political sphere, I consider them worse than enemies. It happens all the time with me. I am clearly in the way.

[Lovric] In whose way?

[Silajdzic] That of many people. This happened to me before the war, too. I think that these people have not expressed themselves enough, they are probably burdened by complexes and frustrations; they have accumulated and condensed a huge amount of negative energy. These people are small, and they do not understand that we were not all born the same, that we do not have the same knowledge and abilities; that one of us can do one thing and another can do something else; that we are dispensed things in various ways, as nature has arranged, and that those who can do something should not be pulled under but should be helped in what they are doing. These are childhood diseases that we have to go through and bear the consequences, whatever they may be. However, as far as Bosnia is concerned, no one can count on the Bosnian leadership not being united. They should not count on that. There are conflicts of various styles, beliefs, cultures in other places. It even happens in peace time, and the war has an effect on us all. These are very difficult times, the heat is such that all the masks are melting, the people are simply melting, and this period in time is too much to be endured. However, we will endure, and no one should count on our lack of unity.

[Lovric] How do you see the future of Bosnia? Relations between the Bosniaks and Croats will be much better now, and some progress will be made in the Federation, but what happens after that, how do you see the relations with the Serbs; what about them, and what position will be adopted toward them?

[Silajdzic] The answer is the same—the international community again hopes that it will lead the way toward peace. If there is no peace, then either it has to intervene, or else it will let us fight. If they do not do anything, then they cannot forbid us to do something.

[Box, p 18]

Croat-Serb Relations Not at the Expense of Bosnia-Herzegovina

[Lovric] Minister Granic stated several times in Munich that Croatia has been trying to normalize relations with Serbia, but not at the expense of Bosnia-Herzegovina.

[Silajdzic] This was repeated several times; the Americans also addressed that issue. Senator Lieberman said that there was concern about the rumors concerning negotiations between Zagreb and Belgrade that could establish relations at the expense of Bosnia-Herzegovina. U.S. Secretary of Defense Perry pointed out that this must not happen; he said that he expected that during

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minister Granic's visit to Belgrade there would be no discussion of the future of Bosnia-Herzegovina, and announced that this is what the position of United States toward all the countries that have emerged from the territory of the former Yugoslavia would depend on that. Ministers Granic and Susak agreed with this on several occasions, and said that mutual relations would be discussed in Belgrade, not Bosnia-Herzegovina. I consider this to be a reasonable position, since you can discuss us as much as you want but nothing can be resolved without us.

[Lovric] How would you comment on the fact that the Americans in a way extorted this statement?

[Silajdzic] I would not comment on that.

[Box, p 19]

Televised Execution

[Lovric] Some circles, even in Croatia, have claimed with much disapproval that the Bosnian Government is not relinquishing the war option.

[Silajdzic] We said "yes" to the peace plan, and we know who it was that did not agree. We have done everything we were asked to do. The Serbs refused everything. It is not difficult to conclude who is the one that supports the war option. Everyone understands what happened here—it was a public, televised execution. We will never agree to its results being legalized.

Silajdzic Views Results of Economic Program

AU2802165595

[FBIS Editorial Report] Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian at 1115 GMT on 27 February carries live the address by Bosnia-Herzegovina Prime Minister Haris Silajdzic to the Bosnia-Herzegovina Assembly in Sarajevo.

Silajdzic begins his address by saying that "with this report we wish to inform the deputies and the public at large about the activities of the government in the spheres of economics, finance, market supply, traffic, communications, the energy situation, and other fields that are of direct importance for the economic life of the country and the successful conduct of a defensive war."

He says that "the government has already presented its program of economic policy measures for 1995. We have thus laid the foundations for the system of economic relations and development, and also defined the concrete tasks—that is, the implementation of system laws and the accompanying measures in the current economic policy. Our concept of the production system is based on the assumption of wide economic freedoms of all the participants in the republic, of the market functioning in all its segments, that is, in the course of production—the goods, services, labor, and capital—of the radical change of ownership structures through privatization and the development of mixed economy, and the [word indistinct] role of the state in the economic system in order to bring it to the level of usual regulative functions. This concept has been approved by this Assembly as the basis for the establishing of a democratic society. Despite the hard circumstances brought about by the war, the destruction and suffering inflicted by the aggressor, the Government has not been unrealistic in this. We did not promise that all of it would be done overnight since there are no objective conditions for that."

Silajdzic says that "our economic resources have been [word indistinct], our economic capacity has been largely destroyed or damaged. The passability of roads is very limited owing to the occupied territories, the front lines, and other obstructions. The energy system in general, and particularly the electricity transmission network are technologically vulnerable. One shell is enough, as you know, and the transmission line is out of action for quite some time, which creates huge problems in electricity supplies. Besides, the entire infrastructure, the roads, energy, telecommunications, can operate effectively only if connected into unified network, and the aggression has caused total disruption, and forcibly (linked up) to [word indistinct] nebulous political ideas, instead of rational, technological, and economic structures."

"The aggressor," Silajdzic continues, "has killed or expelled from our country at least 500,000 people, people of working age, among whom there was a good number of experts of various profiles. One should keep in mind the fact that almost 300,000 people who could be better employed in production are now engaged in the armed forces, since the priority is defense. The besieged areas, or the so-called protected zones of Bihac, Gorazde, Sarajevo, Srebrenica, and Zepa, are practically isolated from economic activities, although certain economic activities do take place in those areas. This is important for the survival of the besieged population. On top of all this, two different systems are in existence throughout the federation, which reduces significantly the overall activities and the results of restarting the economic production, and the establishment of a unified economic system that is adapted to the conditions in which the country finds itself. Although the flow of goods has improved considerably, there are still some disputed issues concerning customs tax, delays at border crossings, holding of goods for other reasons, redirecting of goods to longer and less safe roads, partial retainment of humanitarian contingents, and so on. Both the Republic of Croatia and a number of our (western) trade partners have introduced certain measures that impede the business activities of our companies. This particularly refers to [bank] deposits, and the only reason for this is the unjustified and administrative expropriation of our capital."

"These are only some of the unfavorable circumstances in which we are trying to restart our economy. During the period on which I am reporting, we have undertaken measures to stabilize and improve the energy situation and the establishment and maintenance of all forms of traffic and

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communications since energy supplies and communications are the vital basis for any economic activity."

Elaborating further on the energy situation, Silajdzic says that "from 1 December 1994 to 15 February 1995 we produced the following amounts of energy resources: 339,999 metric tons of coal, which was 80 percent of the planned amount, 294.4 gigawatts of electricity, or 56.65 percent of the plan, and the flow of natural gas to the free territory amounted only to 43 percent of the planned. The [word indistinct] deficit was compensated for with liquid fuel, and within the same period we imported 25,233 metric tons of oil derivates, or 270.3 percent more than planned. Throughout last year, and particularly in the third and fourth quarters, the government directly intervened by buying oil and oil derivates for various purposes and consumers. Through the state head office and commodity reserves [word indistinct] a total amount of 11,895 metric tons of oil derivates was bought, which amounted to 4,756,000 German marks [DM], which included the cost of transport and storing. The entire shipment, except (1,600) metric tons, which are waiting at the terminal in Ploce, have been transferred to the free territory, which contributed greatly to the stabilization of the energy situation."

Addressing the issues of roads and communications in general, Silajdzic says that "we have primarily tried to maintain the passability of roads under winter conditions. We have signed contracts for the winter maintenance of 770 km of roads, which is of particular importance for the economy, for the delivery of humanitarian aid, as well as civilian traffic, and we have also undertaken measures to maintain the Pazaric to Hrasnica road via Mt. Igman. As for the rest of the road network, the work on winter maintenance has been defined on the regional and municipal level, while the work itself is done by relevant companies, the engineering units of the Army, and the available construction operative units. The Government is also giving adequate assistance in fuel, oil, reserve parts, and materials to prevent the roads icing over. Among all these undisputedly positive elements in road traffic, there has recently been a development that we will no longer tolerate. I am talking about the erection of local ramps and charges for illegal tolls on stretches of roads that run through some municipalities and villages. Until we regulate by who, where, under what conditions, and for what purposes tolls can be charged for the use of certain roads, no one has the right to introduce tolls." Silajdzic says that "although only 270 km of railroad tracks are on the free territory under the control of the legal authorities, the railroad traffic is becoming increasingly important for the transport of goods and passengers. To illustrate this, let me tell you that last year 857,000 passengers and (285,000) metric tons of freight were transported along the repaired railway lines."

Speaking of telecommunication services, Silajdzic says that "there have been continuous activities—and certain results have been achieved—in connection with establishing the network of public telecommunications." He says that, since the government's report of four months ago, "the telecommunications' links with the world have improved significantly. The Sarajevo-Rome satellite link with 180 channels is now being tried out. At the moment, work is under way to link up Sarajevo via satellite to New York with 96 channels. The telecommunication lines on the free territory have improved with the introduction of a 36-channel system in the Sarajevo-Mostar direction, and a 120-channel one in the Tuzla-Zivinice-Banovici direction. Now that we are talking about telecommunications, we should stress that the system for the transmission of radio and television signals has been established from Sarajevo to Mostar, Olovo, and Vares. New infrastructure facilities have been built for that purpose, and the entire equipment has been set up. At the moment, intense preparations are under way on projects and investments for setting up satellite transmission of the radio and television programs to Europe and the Middle East."

Turning to food production, he says that "in my last report, I presented the encouraging fact that last year the domestic agricultural production provided 25 percent of the overall need for food on the territory under the control of the legal authorities." He says that "by buying up the surplus in potatoes, beans, onions, corn, cabbage, processed fruit and vegetables, and other agricultural produce, a total of 4275 metric tons has been bought up for about DM2.6 million. All the bought-up produce has already been taken over, and stored in distribution centers or already dispatched to certain consumers. The government has also worked out a new plan for the spring 1995 sowing on the territory of the Federation. Overall, 157,819 hectares of arable land will be sown, 54,900 hectares of which will be used for corn, 34,000 hectares for roughage, 26,000 hectares for potatoes, and so on."

He then addresses social issues on the territory under the control of the Bosnia-Herzegovina Government authorities, saying that "70,000 workers are (unemployed). We have over 200,000 members in the armed forces, and that is to resist aggression. There are about 200,000 pensioners on the list, and there are another 90,000 people working in health services, education, science, culture, in the government bodies, and other nonproductive professions, and they should all be receiving salaries from the republic budget. The maths of this is simple: One worker employed in industry would have to earn seven salaries on top of his one for soldiers, pensioners, and other budget users. There has never in history been an economy, or a single industrial branch with such productivity in which one employed worker earns seven salaries for [word indistinct]."

Talking about the budget, Silajdzic says that "under the circumstances, considering the war, it is fully justifiable that the expenditures for the defense needs are the priority. For understandable reasons, we cannot give details in public about the budget costs of defense, but the best confirmation of the government's commitment to defense is the state of our Army."

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Silajdzic turns back to general issues, saying that "if we compare the situation today with the prewar period, then we have to state that the aggression had a devastating effect on our economy, and that a lot of time and a lot of resources and efforts will be needed to improve the situation. This is best illustrated by the fact that our economy is functioning with only 6.5 percent of its prewar capacity. If, however, we compare this situation with the situation we had in the first and second years of the war, then we say that significant results have been achieved." He says that "the results are not so impressive in absolute terms, but their value lies in the fact that they indicate that the process has been reversed in a positive direction, and that things have started looking up. If the Federation starts taking shape, and it can be realistically expected after the talks in Munich, then that will be a new impetus for economic activities."

He ends his address by saying that "this report is mostly directed at the issues concerning the economy, the budget, and so on, I have not addressed other issues, although some of them should be mentioned because of difficulties facing them, or the results achieved. That is why I am asking you to pay attention to the written report that has been handed out to you. It contains a full report on the work of the government in all the spheres, including education, science, culture, health care, and so on, over the same period. Finally this report will necessarily be amended and presented to the Constituent Assembly of the Federation, since the issues contained in the report are within the jurisdiction of the Constituent Assembly, and it has to be informed about them."

Ganic Briefs Assembly on Military Situation

AU2702201695 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0940 GMT 27 Feb 95

[Speech by Ejup Ganic, a member of the Bosnia-Herzegovina Presidency and vice president of the Bosnia-Herzegovina Federation, in the Bosnia-Herzegovina Assembly in Sarajevo on 27 February—live]

[FBIS Translated Text] Mr. President and esteemed deputies, the New Year agreement on the cessation of hostilities signed on 31 December envisaged the following: the cessation of military operations throughout the Republic of Bosnia-Herzegovina with a (?special methodology) of supervision. Military operations have not stopped because as the aggressor has continued his fierce attacks on the Bihac and Cazin regions. The agreement also envisaged full freedom of movement for UNPROFOR [UN Protection Force], humanitarian organizations, medical evacuations of the wounded, and the unobstructed delivery of aid throughout the Republic of Bosnia-Herzegovina. The aggressor has barely met any of these requirements.

The opening of the blue routes and the road via Sarajevo airport and the strict observance of all the agreements signed in the past was also a point in the agreement. The aggressor has not respected the agreements signed earlier on the blue routes, (?which make) the basis of this agreement. The agreement envisaged the full activity regarding the restoration and use of public services, electricity, water, and natural gas, and the normalization of the situation, particularly in and around the safe havens. The aggressor fulfilled this obligation only in the areas in which its interests were dominant.

The agreement envisages the withdrawal of foreign troops from the Republic of Bosnia-Herzegovina and envisages the obligation of UNPROFOR to persevere on this task. UNPROFOR has not accomplished this task. The agreement envisages a parallel exchange of captured persons and information of missing persons. The aggressor is avoiding every cooperation regarding missing persons.

In the last two months, since the signing of the agreement, several meetings have been held concerning military, civil, and humanitarian issues. Let us recall only the most important ones. On 11 January, there was a meeting of the Joint Central Commission in the presence of General Delic and Minister Muratovic. It was concluded that the roads be opened by 14 January and that regional commissions be set up to follow activities, the withdrawal of foreign troops from the territory of Bihac, and some (?other military) issues. This was followed by meetings on 13 January, 25 January, 28 January, 5 February, and so forth. So, we had a whole series of meetings between our leaders and experts of the Commission for Cooperation with the United Nations, headed by Minister Muratovic, the State Commission for Exchange of Prisoners and Missing Persons, headed by Mr. Matovic, and the Military Commission, headed by Gen. (?Hajrulahovic).

Let us start from the beginning. First Bihac. The main reason for signing the agreement on the cessation of hostilities was the situation in Bihac. The situation in the Bihac region has not changed. The town and the region are still exposed to bestial attacks from all weapons of Karadzic and Martic's troops, as well as the units of the regular army of the Belgrade regime. According to the agreement on the cessation of hostilities, UNPROFOR was obliged to remove foreign troops from the Bihac region, but this task fell on the back of the 5th Corps. [Words indistinct] successfully defending itself on the most parts of the front.

What makes the aggression on the Bihac region even more fierce, and the agreement of the cessation of hostilities even more absurd, is the fact that the Bihac region is being attacked from the Republic of Croatia, from Bosnia by Karadzic's supporters, and by the units of the regular army of the so-called Yugoslavia. The aggressor used the break in hostilities to deploy its best troops on the Bihac front.

I think this is one of the main reasons why Pale accepted this agreement, (?which) in fact gives them the opportunity to (?send) troops and relieve the long lines of the front that [words indistinct].

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The blue routes. UNPROFOR on 6 February partly opened the roads via the airport. On 6 and 23 February, a meeting was held at the expert group level on implementing the protocol on the freedom of choice of the place of abode, which did not lead to any significant shifts as Karadzic's supporters do not want this agreement to include the Bosniaks in enclaves. Regarding these blue roads and routes, the aggressor behaved more or less as it did before the signing of the agreement.

Medical evacuation. Regarding medical evacuation, a total of 29 patients have been evacuated since 1 January. They were taken to Germany, the United States, Denmark, Belgium, Italy, and Luxembourg. Although there is a need for evacuating a much greater number of patients, evacuation was not possible because of the aggressor's obstruction or the fact that the donators have reduced the funds needed for treatment and the admission of patients from the Republic of Bosnia-Herzegovina. There are some indications that certain aid will be received from some countries for evacuation and treatment of [word indistinct] the most serious patients.

Humanitarian aid. Regarding humanitarian aid, expressed in percentages of how satisfactorily it met the minimum requirements, the January to mid-February period looks as follows: The Bihac Canton received 5.5 percent of the necessary food; the (?Foca) Canton received 38 percent; the Zenica-Doboj Canton received 65 percent; the Central Bosnian Canton received 31 percent, the Neretva Canton received 70 percent, and the Sarajevo region received 84 percent of the projected humanitarian aid.

The total average percentage of how the requirements were met with humanitarian aid was 49 percent. Humanitarian help [words indistinct] for the survival. Fifty percent of that help—in this case less than 50 percent—literally means hunger.

The situation in the Bihac region is more than tragic. This is a humanitarian catastrophe, despite the fact that two food convoys entered Bihac in the past few days. This represents only a drop in the ocean, and the aggressor is still using the delivery of humanitarian help, food, as a weapon to exert military and political pressure. What it cannot achieve with artillery it is trying to accomplish with [words indistinct].

Missing persons and prisoners. The meetings at the airport concerning the exchange of prisoners resulted in exchange of a total of 50 persons from each side. We have so far set up a Central Commission for the Exchange of Prisoners and eight regional committees whose task is to gather information on missing persons. The International Committee of the Red Cross has drafted a comp[illegible]plan for releasing prisoners and searching for missing persons, but unfortunately, Karadzic's Serbs refused to accept the plan. [Words indistinct] and bind all sides in advance to accept it unconditionally.

Karadzic's supporters have not made it possible for the delegation of the International Red Cross to enter their camps and prisons up to now so that all camp inmates and prisoners could be identified. This is a precondition for any serious action of releasing prisoners.

We have given the International Red Cross a priority list of 1,825 cases of mass disappearance of citizens of the Republic of Bosnia-Herzegovina, and these are only the cases that should be easy to resolve. These cases concern the arrest of larger groups of people from one location, some cases from Hadzici, several Zvornik villages, Kotor Varos, Nevesinje, Srebrenica, Kalinovik, (?Seljani), and other places in Krajina, where mass arrests and deportation of people to unknown destinations took place.

These would therefore (?represent) specific steps toward solving the problem of exchanging imprisoned and killed members of the 5th Corps and Martic and Karadzic's supporters in the Bihac region. We still do not know anything about the fate of more than 17,000 missing (?persons). [Words indistinct] this most sensitive issue in this special kind of criminal trade with human destination and souls by the aggressor shows all the brutality and the aggressor's intentions in this genocidal destruction of non-Serb population in Bosnia. The aggressor does not want [words indistinct] his crimes, and therefore there are no serious shifts in that respect. I think the international public should be (?informed) on this even more.

Proceedings against war criminals. In the past two months we came much closer to the date when the international trial of war criminals will start. The international war tribunal in The Hague closely cooperates with the state organs and institutions that deal with (?war crimes) committed during the aggression on the Republic of Bosnia-Herzegovina.

In these activities, the Ministry of Internal Affairs of the Republic of Bosnia-Herzegovina is cooperating closely. Some other institutions of ours are also doing it to a lesser degree. These institutions have sent several thousands of original and other important documents to The Hague tribunal on the organizers and executors of the genocide and war crimes.

The charges that were filed recently against 21 war criminals were based on this documentation, and the volume and quality of this documentation represent more than a solid basis for new charges, especially those from the category of political organizers and planners of the genocide against the Bosniak and Croatian peoples.

The expert teams of the international tribunal for war crimes in The Hague are continuously being presented with and are examining voluminous documents with all the necessary and legally relevant (?material), and the filing of new charges will depend on the organizational and staff ability of this tribunal, as well as its material and (?financial) support.

Let me also say something about the UNPROFOR problem. (?Generally speaking), we are nowhere near satisfied with UNPROFOR's involvement in the Republic of

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Bosnia-Herzegovina. UNPROFOR has placed itself somewhere between our wishes and hopes on the one hand and the reality that this international organization in its activities on the ground is a voluntary victim of the aggressor's policy. We want UNPROFOR to gradually change its mandate in accordance with real needs and in order to find just and honest peace solutions.

I must stress that UNPROFOR officials have surprisingly little understanding for human rights. In other words, they have double criteria regarding the freedoms of [word indistinct]. One criterion is for their countries, including western democracy, and the other is [words indistinct] and applies to Bosnia.

[Words indistinct] many of them were not able to free themselves of prejudices because UNPROFOR so rarely or almost never publicized the cases of [word indistinct] genocide on the (?Bosniak population) on the territories controlled by Karadzic's men. There is talk about the freedom of the press, however, (?by God) there have been so many cases of arrests, maltreatment, and even killing of correspondents and other passengers whom they transport. Allegedly, UNPROFOR guarantees security—I am referring to correspondents. However, these people, to the shame of the United Nations, are being dragged out of vehicles, arrested, [word indistinct], and killed. The latest such case from Kasindol Street supports all the above claims. This street, controlled by the United Nations, has become a place where UNPROFOR is handing over the innocent correspondents to Karadzic's [word indistinct]. Gen. Smith [UNPROFOR commander for Bosnia-Herzegovina] has opted for a strategy of silence and is not making waves. [Word indistinct] the results of Gen. Smith's strategy.

Let me say a couple of words about the federation in the two-month period. Regarding the federation, it [word indistinct] functioned best in its military component—that is, in the united general staff of the Army and the Croatian Defense Council [HVO]. Meetings and agreements of our military councils, institutions, and formations are a daily occurrence. Over the past period, the general staff realized (?40 military) [word indistinct] officers on the ground, so that every third day was actually a day spent on the field. Joint teams visited all Army corps and [word indistinct] of the HVO. [Words indistinct] 50 brigades and regiments were visited and talks with 15 municipal authorities were carried out. Three meetings at the highest political level were held, from which statements with which you are familiar were published. A high degree of consensus exists on all essential issues for the overall relations between the Army and the HVO. For (?various) reasons, I will (?not expound) on the cooperation between the Army and the HVO. Over the past 58 days, 20 were spent on the field. Together with [Federation] President Zubak, we made several (?emergency visits) to Mostar, (?Tesanj), the free Brcko territory, and Tuzla. The Federation has no alternative, and I am convinced that time and further development of the events will remove [words indistinct] at higher levels, which are causing interference [words indistinct] of the Federation exclusively for personal interests. The appointment of an ombudsman and the completion of the Federation's Constitutional court, (?in which three parties entered), was completed during this period. The Munich accord, again under the auspices of the United States and Germany, will secure the arrival of an arbiter, as well as numerous measures that will accelerate the process of [word indistinct].

Let me now address the military front issue. (?The defense front) is gaining in strength with each day. The Army has established a firm structure, from the General Staff to [words indistinct]. Intensive reorganization and training at all levels is producing good and tangible results. I can say that today, two months after the signing of the agreement, the Army is even stronger and better organized, and in any respect represents [word indistinct] force. This is now an organized system that is being perfected daily. The strength and the determination of our Army is the best guarantee that a peaceful solution will be achieved. The aggressor respects force and force alone. There shall be increasingly more force on our side. Our defense is generally burdened by the situation in the society, especially in economy and in the still insufficiently organized civilian sector. This situation, from which the following phase in the Army's development depends, must improve as quickly as possible. [Words indistinct] on the civilian front, too.

As opposed to the military organization for the defense of the republic, the civilian sector which consists of the economy, health care, education, retired persons, [words indistinct], and so forth, is seriously lagging behind and demonstrating numerous shortcomings. We have an increasingly better organized defense which is, unfortunately, not accompanied by other [word indistinct] of society. The fundamental question from which our struggle on the military front depends in many ways is the reanimation of the economy, which will greatly be able to finance itself and the armed struggle. The program of setting economic activities in motion, proposed by the government, which involves approximately 400 new projects with some 100,000 new jobs, enjoys the full support of the Bosnia-Herzegovina Presidency and other [word indistinct]. We must persevere on it, [words indistinct] sharing of burdens, and harmonization of (?contributions by) municipalities, cantons, district, to the leadership of the republic.

The residents that remained in the Bosnia-Herzegovina Republic should have a sense of perspective and future on these territories. The return of refugees, their informing, records about displacement, accommodation, and other problems were not resolved well, which is worrying. It is also high time that [words indistinct] the correct ways to eliminate (?through the government institutions) the reasons that are making people, especially experts, leave the Bosnia-Herzegovina Republic.

[Words indistinct] diplomatic activities in the period of two months. From the New Year onward, regardless of

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the aggressor's blatant violations and selective application [of the cease-fire agreement], our side adhered strictly to the letter of the agreement. With such a behavior, we created conditions and facilitated further political [word indistinct] and initiatives on wider territory. Despite the agreement, Karadzic's men resumed attacks on Bihac. In all international contacts at all levels, we emphasized to our partners the necessity [words indistinct] our enemies [word indistinct] honor deadlines and clearly specify sanctions for the failure to fulfill the obligations undertaken. About the continuation of the Bihac offensive, President Izetbegovic in his latest letter informed all chiefs of the Contact Group countries, the NATO secretary general, the UN secretary general, [UN envoy] Mr. Akashi, Gen. De Lapresle [UNPROFOR commander for the Former Yugoslavia], and Gen. Smith. Among other things, this was also discussed during very substantial talks with German Foreign Minister Kinkel in Sarajevo on 31 January.

We held talks with the Contact Group on two occasions, 12-14 and 21-25 January. Our demand that Pale accept the Contact Group plan was ultimately adopted by the Contact Group itself. [Word indistinct] important visits from abroad, I would like to remind of the visits by U.S. Undersecretary Richard Holbrooke; Pentagon Undersecretary [words indistinct]; [words indistinct], spokesman of the British Labor Party; Paddy Ashdown, leader of the [words indistinct]; Laszlo Kovacs, chairman of the Organization on Security and Cooperation in Europe; parliamentary delegations of Turkey, Iran, the United States, and Italy; ambassadors of Japan, Indonesia and India; senior EU officials, members of the U.S. Congress, and various international associations and organizations. Members of the Presidency and the Government [words indistinct] visited the United States, the Russian Federation, Iran, Turkey, Austria, Egypt, and the European Union. Just as before, the state presidency was the hubbub of diplomatic activity throughout this period.

This cease-fire period, which, gentlemen deputies [words indistinct] during which new diplomatic initiatives were studied intensively. [Words indistinct] we analyzed the idea of Serbia recognizing the Republic of Bosnia-Herzegovina parallel to the possibility of suspending sanctions for a specified period and complete closure of the Bosnia's eastern borders toward Serbia and Montenegro. You know [words indistinct].

Second, we intensified our efforts for the abolition of the unjust arms embargo, which ties our hands in the defense of our legitimate rights. Third, we continued to maintain that the arms embargo was illegal and immoral. This cognition is slowly prevailing with several Contact Group members. We will strive that the same view be officially adopted by the U.S. Administration. Fourth, we made it plain to the Contact Group members that the UN Security Council should pass their plan, proclaim it its bill, and empower it with necessary resolutions. Fifth, we launched an idea that the international community should compel the aggressor to pull back on the lines envisaged by the Contact Group plan.

Sixth, we advocated that the international community expand [word indistinct] zones in eastern and western Bosnia and eliminate heavy arms from their surroundings and also to open communications—that is, roads—and put them under UNPROFOR control. Eighth [as heard], we [word indistinct] on reduction of heavy arms throughout Bosnia-Herzegovina. Naturally, there were other ideas that were constantly supplemented and verified. I would particularly single out our efforts to realize as close as possible cooperation with the Republic of Croatia in the process of finding the final peace solution in the region within the shortest possible time. [Word indistinct] Munich accord will help—I am referring to the recent Munich accord, brokered by Mr. Holbrooke—overcome some essential problems between the Bosniak and Croatian people (?with the help of) an arbiter, which will also strengthen our joint diplomatic initiative [words indistinct].

Naturally, gentlemen, we will encounter demands to extend the cease-fire [words indistinct], however, the international community must in return come up with a political solution and implementation of the Contact Group plan, or, for example, secure a complete (?removal) of the aggressor's heavy arms from Bosnia-Herzegovina.

To conclude. [words indistinct] doubts, also those that I had pointed our earlier in 17 January expose to the assembly, unfortunately materialized. We continue to be the side that strictly honors its obligations—namely, those signed on 31 December. Karadzic's men, with a tacit approval of the international factors, continue to ignore the cease-fire agreement signed. They see this agreement merely as yet another war [word indistinct]. The fact that no major, open conflict emerged is exclusively due to our patience and pressure by the international community on us. It is questionable how long can we endure such a cease-fire that the aggressor is violating. Bihac was and will remain in the heart of Bosnia. We will come to rescue our [word indistinct] if the aggression on Bihac does not stop. Thank you! [applause]

Serb Corps Colonel Says Goal 'Access to Sea'

AU2802170295 Belgrade NASA BORBA in Serbo-Croatian 27 Feb 95 p 3

[FONET-attributed report: "Goal—Access to the Sea"]

[FBIS Translated Text] Bileca—Two days ago, Colonel Milenko Milinic, deputy commander of the Srpska republic Army Herzegovina Corps, said that his units were complying fully with the cessation of hostilities agreement, but that they were ready for possible attacks by the Bosnian Army.

According to SRNA, Milinic, when commenting on the increasingly frequent attacks of the Muslim units in Herzegovina, stressed that the Corps' combat readiness was "at maximum level."

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"Our objective is not only defense, but also the liberation of occupied territories on the left bank of the Neretva River, Popovo Polje, and access to the sea for the Serbian Republic," Milinic said.

RS, UNPROFOR Talk To Improve Cooperation

LD2802190195 Belgrade SRNA in Serbo-Croatian 1309 GMT 28 Feb 95

[Received by fax]

[FBIS Translated Text] Sarajevo, 28 Feb (SRNA)—Momcilo Krajisnik, the president of the People's Assembly of the Srpska republic RS, and Enrique Aguilar, head of UNPROFOR [UN Protection Force] sector for civilian affairs, met in Pale today for talks on how to implement the part of the agreement on the complete cessation of hostilities that refers to the freedom of movement for civilians and the exchange of prisoners.

"We wanted to use this consultative meeting to improve cooperation with the [UNPROFOR] civilian sector, and for the first time we outlined our own problems that we think the civilian sector should tackle. We also want UNPROFOR to take a more active part in the exchange of prisoners and in the efforts to improve some of the provisions of the protocol and document signed by all three sides at Sarajevo airport. I hope that we will soon be given answers to all our questions," Krajisnik said after the talks. He also said that the issue of the protocol on freedom to choose the place of residence was also raised during the talks.

"Relevant commissions have been working on this issue. The Muslims are trying to make the implementation of this protocol conditional on our agreement to allow the [Sarajevo] airport to be used for commercial purposes. Negotiations are going on and the Serb side is particularly interested in the exchange of prisoners and the freedom of movement," Krajisnik said.

The head of the UNPROFOR civilian sector described today's talks as "very constructive" and stressed that "progress was made in implementing the agreement on the complete cessation of hostilities and the protocol [on the place of residence], in particular."

"We also discussed the ways of improving cooperation between UNPROFOR and the Serb authorities in order to speed up efforts to fully implement all the provisions of the agreement. He said that Krajisnik expressed concern and asked for the process of exchanging prisoners to be speeded up."

"One of the questions we discussed today was the freedom to choose the place of residence. We noted with satisfaction that useful progress was made in this area, and that the details of a procedure for resolving this issue will be finalized next week," Aguilar said.

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Possible Alternative to UNPROFOR Pullout

LD2802161595 Belgrade TANJUG in English 1556 GMT 28 Feb 95

["Pool" item]

[FBIS Transcribed Text] Geneva, Feb. 28 (TANJUG)—Croatian Foreign Minister Mate Granic has announced Croatia's possible offering an alternative to its earlier demand that the U.N. Protection Force [UNPROFOR] should leave Croatia and the republic of Serb Krajina after March 31.

In an interview in Tuesday's JOURNAL DE GENEVE, Granic said Croatia would propose that the UNPROFOR should keep its Zagreb-based headquarters for which Croatia would make available logistic support and a field hospital at Zagreb airport. Granic said that Croatia would also propose international control on its borders, overseeing the truce, and implementation of an economic agreement with Krajina, which is a U.N. Protected Area (UNPA).

The agreements on a cessation of hostilities and the establishment of economic bonds, signed by the two sides last year, already provide for UNPROFOR control of their enforcement. But, Croatia's demand for international control of its borders is disputable.

Croatia does not recognize the republic of Serb Krajina which was proclaimed by Serbs in 1991 in their areas in the ex-Yugoslav Republic of Croatia in reply to its forcible secession from the then Yugoslav union.

Granic, who on Monday addressed the U.N. Human Rights Commission in Geneva, doubted that Belgrade was at this stage ready to recognize Croatia. Granic's appraisal was that Belgrade was adhering firmly to the stand that a mutual Belgrade-Zagreb recognition had to be preceded by Zagreb's agreement with Knin, the political centre of Krajina, concerning the status of Serbs.

He said that a broad-based autonomy for the Serbs in Krajina was provided for in the plan of the 'Zagreb Four' group. Granic said that Zagreb was not at all content with the Z-4 plan. What was positive in this document, said he, was the fact that it acknowledged Croatia's territorial integrity.

RSK Assembly Debates UNPROFOR, Territories

AU2802183195 Banja Luka Srpska Televizija in Serbo-Croatian 1930 GMT 24 Feb 95

[Report by Rade Malesevic from Okucani]

[FBIS Translated Text] At the six-hour extraordinary session of the assembly of the republic of Serb Krajina [RSK] held in Okucani today, it was concluded that negotiations with the Republic of Croatia will be possible only after it has withdrawn its demand for the withdrawal of UNPROFOR [UN Protection Force].

[Malesevic] The extraordinary session of the assembly of the RSK confirmed the indivisibility of all parts of the westernmost Serb state. The people's representatives were informed of the difficulties that western Slavonia is facing. These are primarily the problems regarding health and medical services and social welfare and the supply of production materials and consumer goods. However, the representatives spent most time discussing the parts of western Slavonia that are under Croatian occupation and have been ethnic Serb territories for centuries. After the discussion, which lasted several hours and in which assembly President Rajko Lezajic, Prime Minister Borislav Mikelic, Foreign Minister Milan Babic, and many representatives took part, the assembly adopted the task force's decision proposal.

[Begin Assembly Chairman Djuka Damjanovic recording] First: The RSK assembly confirms its earlier decision that western Slavonia, including the occupied part, is an indivisible and inalienable part of the RSK. Second: On the basis of the proposal of the prime minister of the RSK, all presidents of executive councils and municipal assemblies are to draw up, as soon as possible, selective lists of companies that are to have priority in supplying the population with consumer goods, and the companies to supply production materials. Third: On the basis of the discussions of individual representatives, the RSK assembly will have the Committee for Mandates, Immunity, and Administrative Issues inspect the representatives' places of residence and, in accordance with Article 9, Paragraph 6 of the Law on the Election of Representatives, end the mandate of the representatives whose place of residence, in accordance with Article 9, Paragraph 6 of the Law on the Election of Representatives, is not on the territory of the RSK. Fourth: The political leadership of the RSK will, in future talks on the extension of the UNPROFOR mandate, impose the discussion of expanding the UNPA [UN Protected Area] territory on the entire ethnic Serb territory of western Slavonia. Fifth: The government of the RSK will, at its next session, consider the problem regarding the flow of goods and illegal trade. [end recording]

[Malesevic] After the decisions were adopted, some representatives expressed discontent with the treatment of the problems regarding western Slavonia. Therefore, it was concluded that all the disputable issues will be discussed at the next assembly session in Knin on 1 March. The item regarding positions in the government was taken off the agenda, as was the one regarding the information on the preparations for the spring sowing and the distribution of energy products and production materials.

Tudjman Pledges Support for Bosnian Croats

LD2802195795 Zagreb HTV Television in Serbo-Croatian 1830 GMT 28 Feb 95

[FBIS Translated Excerpt] Croatian President Dr. Franjo Tudjman this evening received Cardinal Vinko

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Puljic, archbishop of Vrh Bosna. Reference was made to an overall peace solution, to the prospects for resolving the crisis in Bosnia-Herzegovina and to the policy of both domestic and international factors.

Cardinal Puljic spoke about the position of the Croatian people in Bosnia-Herzegovina and in the areas under the control of Bosnian Serbs, in particular. Mentioned were developments that are behind the increasingly difficult position and conditions of Croats living in the Federation of Bosnia-Herzegovina. Cardinal Puljic appealed to Croatia to continue to support Croats in Bosnia-Herzegovina. The cardinal also outlined his impressions of the visit he made to the Croats in the Banja Luka region.

President Tudjman stressed that Croatia would urgently again raise the issue of dangers facing Croats in Bosnia-Herzegovina with international bodies. The president assured the cardinal of Croatia's readiness to continue to provide concrete help to the Croat people of Bosnia-Herzegovina. During the talks attention was drawn to a number of humanitarian and other problems that are currently being tackled by Bosiljko Misetic, the president's special envoy for confederal relations between the Federation of Bosnia-Herzegovina and the Republic of Croatia. The president said that Croatia and he, personally, would use their influence to ease and improve the conditions for the Croat people in Bosnia-Herzegovina.

The Croat people in Bosnia-Herzegovina will not be abandoned, President Tudjman said. He also spoke about the proposal under which the ambassadors of the United States, Germany, and Turkey in Bosnia-Herzegovina set up an arbitration commission to help speed up the implementation of the Federation of Bosnia-Herzegovina. The president stressed that the Bosnia-Herzegovina federation was possible only as part of a confederation with Croatia.

The president also spoke about attempts to draw Croatia into some kind of a new Yugoslavia. This, the president and the cardinal agreed, was unacceptable to the Croats. [passage omitted]

Dalmatian Leader Wants Separate Parliament

LD0103105395 Belgrade BETA News Agency in Serbo-Croatian 1904 GMT 27 Feb 95

[FBIS Translated Text] Split, 27 Feb (BETA)—Mira Ljubic Lorger, deputy leader of the Dalmatian Action regional party, today sharply criticized Croatian authorities and said that the Croatian state has a "Latin American state structure" with a "feudal oligarchy." "We are the only real Croats because there is no Croatia outside Dalmatia, there are only barbarians. This was and will always be the center of political thought," she said in an interview for the Split-based FERAL TRIBUNE, headlined: "HDZ [Croatian Democratic Union] is a Plague for Dalmatia."

"The origins of Croatian culture are in Dalmatia and that is why our goal is not autonomy in the separatist sense, but the reemergence of a Dalmatian parliament," she said.

Asked about her party's possible cooperation with Knin, which is also in Dalmatia, Mira Ljubic Lorger said that this is currently unrealistic but that towns, including Knin, should have a say regarding the regionalization to enable their citizens "to decide whether they want to live in Dalmatia or not."

She also said that Croatian authorities are concealing the actual number of Croats who have left the country. "The figure of 100,000 is being mentioned and most of them are from Dalmatia. We know that there is a Little Split in New Zealand now," she told the Split-based FERAL TRIBUNE.

Janvier Assumes Command of UNPROFOR

AU2802155895 Paris AFP in English 1304 GMT 28 Feb 95

[FBIS Transcribed Excerpt] Zagreb, Feb 28 (AFP)—General Francis Bernard Janvier assumed command of the UN Protection Force [UNPROFOR] here Tuesday [28 February], taking over from his [French] compatriot, General Bertrand de Lapresle. [passage omitted]

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Serbs To Seek Solution 'Outside' Republic

AU2802202295 Skopje MIC in English 28 Feb 95

[FBIS Transcribed Text] "With intentional disrespect of the agreed minutes by the Macedonian [The Former Yugoslav Republic of Macedonia] Government, which is the reason for its invalidation, the Serbs in Macedonia obtained the legal and legitimate right to seek resolution for their problems outside Macedonia," the president of the Democratic Alliance of the Serbs Bora Ristic emphasized, among the rest, at yesterday's press conference.

The reason for the press conference was the alleged failure to meet the deadline of 18 months, foreseen in the agreed minutes signed by Ristic and Minister Frckovski, for settling the constitutional status of the Serbs in Macedonia whereby they will be entered in the preamble to the Constitution as a nationality. With the expiration of this deadline, Bora Ristic emphasized, the minutes are no longer valid, which leaves several options for action and organization of the Serb community in the Republic of Macedonia.

One of the possible options, as Ristic announced it, is homogenization of the overall Serbian ethnicity in Macedonia with the formation of its own assembly and executive organs, that is, a parallel government in the state. On the other hand, according to Ristic, further atomization of the Serbs in Macedonia is also possible, within which, for now, a number of groups with different views and ideology are active.

The leader of the Democratic Alliance of the Serbs also discussed the latest events surrounding the so-called university in Albanian language in Tetovo, expressing concern that attempts are being made to drag the Serbian factor into this conflict. According to Ristic, it is a scenario between the "Macedonian national-Bolsheviks and Albanian nationalists" to divert the attention of the people from the social tensions, the Mafia, and the robbing of the state-owned capital.

Albanians Launch Petition on Human Rights

AU2802133995 Skopje NOVA MAKEDONIJA in Macedonian 28 Feb 95 p 4

[Article by I.S.: "Democratic Processes Endangered"]

[FBIS Translated Text] Tetovo, 27 February. Today a petition by the so-called Albanian political body on solidarity against violence has been launched in many places in Tetovo and some villages. Among other things, the petition says that "the democratic processes in Macedonia [The Former Yugoslav Republic of Macedonia] and the transformation of society in all its sectors, particularly with regard to human rights and the liberties of groups, are being seriously restricted." These restrictions, the authors of the petition believe, as well as the tendency towards constituting a unitary nation state, are contrary to the multiethnic realities and increase tensions, particularly interethnic ones, with a tendency toward further deterioration, which can endanger the peace and stability of the republic and the region as a whole. The petition also emphasizes that here "there exists only the rule of the executive power setting one nation against another." The petition also stresses examples of detentions and says that the original Albanians in this region are the victims of such a policy and that they are being presented as dangerous adversaries, who have to be either exterminated or eliminated. That is why they are rapidly being detained or murdered, their property is being taken away from them, and their houses are being destroyed. The petition also emphasizes that this is the degeneration of a legal system into a police system and, because of this, citizens are being invited to oppose these controversial processes. Furthermore, dissatisfaction is being expressed over what is described as a delay in the democratic processes of national and civic equality, emphasizing that education in the Albanian language at all levels, including university level, is a basic right and is indispensable to the Albanians. This petition appeals to and asks for the help of international organizations such as the United Nations, the Council of Europe, the Peace Conference on the Former Yugoslavia, UNESCO, and others to resolve the problems of internal relations and institutional equality in Macedonia as a prerequisite for peace and stability here.

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Commission Concerned About Serbia's Blackmail

AU2402192195 Ljubljana Radio Slovenia Network in Slovene 1430 GMT 24 Feb 95

[FBIS Translated Text] Jozef Kopse, president of the State Chamber's Defense Commission, and Borut Pahor, vice president of the State Chamber's Commission for International Relations, received Hungarian Military Attache Jozsef Benetes and Hungarian Ambassador to Slovenia Dr. Istvan Balgo in parliament today.

They discussed a visit by the members of the commission to their Hungarian colleagues and other topical issues, on which the delegations had similar opinions, according to Defense Commission President Jozef Kopse.

Most of the meeting was dedicated to security questions that might arise because of Zagreb's decision to withdraw hospitality to the UN Protection Force [UNPROFOR] troops. Pahor said the following on the subject for our radio station:

[Begin Pahor recording] It is normal that both countries, the Republic of Hungary and the Republic of Slovenia, are concerned about the Croatian authorities' decision to deny hospitality to UNPROFOR. This could change the security situation considerably, not merely in Croatia but throughout the former Yugoslavia. We exchanged opinions on this subject. As a vice president of the Commission for International Relations, I said that in my opinion Slovenia would not get involved in the resolution of this crisis but will safeguard its interests. We are worried that Serbia is so successful in blackmailing the international community with its demands and interests. I expressed hope that Slovenia, Hungary, and a prevailing majority of other countries will be on the side that will not yield to Serbia, because in the opposite case this would lead to a situation where the aggressor would actually be rewarded. [end recording]

Free Trade Agreement With EFTA Signed

AU2402174395 Ljubljana Radio Slovenia Network in Slovene 0600 GMT 24 Feb 95

[FBIS Translated Text] Representatives of Slovenia and the European Free Trade Association [EFTA] have initialed a free trade agreement in Geneva. With it, EFTA members will abolish import tariffs for our industrial goods as soon as the agreement becomes effective. As the weaker partner in the agreement, Slovenia will do the same for a little more than 50 percent of goods, while it will abolish tariffs for the remaining goods by the end of the year 2001.

Talks With Foreign Creditors Summarized

AU0103100095 Ljubljana SLOVENEC in Slovene 21 Feb 95 p 4

[Unattributed report: "Will Slovenia Be Compensated in Case of Changes?"]

[FBIS Translated Text] Finance Minister Mitja Gaspari and National Bank Governor France Arhar returned from a visit to the United States on Saturday [18 February]. There, they held numerous talks with the representatives of the State and Treasury Departments, with the management of the Chemical Bank, which presides over a consortium of commercial banks, and with the representatives of the World Bank and the IMF. This visit was also important because the talks coincided with the Contact Group efforts to lift the sanctions against official Belgrade in exchange for some concessions. The Slovene representatives asked what this would mean for Slovenia and its further negotiations regarding debts to the association of commercial banks. For that reason, they proposed that, until the resolution of the issue of the debts of the former SFRY [Socialist Federal Republic of Yugoslavia], the physical property remains frozen.

As Mitja Gaspari said, the purpose of their visit to New York and Washington were not negotiations, but talks that would help clarify open issues regarding negotiations between Slovenia and commercial banks about the repayment of debts (the Slovene parliament discussed this at a January session). The U.S. stance toward the issue of debts remains unchanged. The United States is willing to support an agreement between Slovenia and commercial banks, if a suitable manner of resolution of the issues that remained open after the disintegration of the former Yugoslavia is found. In the talks, they also touched upon the issue of claims, that is, the Yugoslav debt, purchased on the secondary market, which is something primarily Serbia has been doing over the past two years with the assistance of its banks or third parties.

The total Yugoslav debt toward commercial banks amounts to $4.2 billion. The final users for $3.1 billion are known, while the remaining part is the so-called unallocated debt, for which it is not known who actually used it. So far, Slovenia has been willing to pay $500 million, however, the consortium demanded twice the amount. The National Bank of Yugoslavia some time ago renamed itself the New National Bank and declared itself to be its legal successor in the part of operations that had earlier entailed Serbia with both provinces and Montenegro. Applying this logic, the old National Bank of Yugoslavia is one of the main debtors in the contract with foreign creditors, and for this reason, according to Governor Arhar, it would be good to know the closing balance sheet of the old and the opening balance sheet of the new National Bank. Arhar wrote to Serbian Governor Avramovic about this, however, he has not received a reply yet.

Mitja Gaspari emphasized that the FRY [Federal Republic of Yugoslavia] cannot be the sole successor as it would handle accounts that are not merely its own. Besides, nobody can count on a change in the agreement or a separate agreement between Slovenia and the bank consortium without a compensation clause [odskodninska klavzula]. Regarding separate talks between the

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Bank of Slovenia and the consortium, it is essential that the Chemical Bank does not accept a formula according to which common debts would be divided on the basis of number of residents of the former Yugoslavia.

As the Slovene Press Agency has reported, Governor France Arhar was of the opinion that the above bank had assessed positively a proposal that the role of arbiter in activities on the secondary market be assumed by Fritz Loitwiller, former Swiss governor and a reputable financier. Other members of the consortium have to agree to this proposal, also.

It is not known when the negotiations with the commercial banks will end. We can only hope that this visit by the Slovene representatives in the United States at least somewhat "cleared" the murky waters surrounding the resolution of the issue of debts to the commercial banks.

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Federal

Jovanovic: 'No Changes' in FRY Policy Platform

AU2802165295 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 28 Feb 95

[Report by Mirjana Protic on session of the FRY Chamber of Citizens—recorded]

[FBIS Translated Excerpt] The hitherto work of the deputies in the FRY [Federal Republic of Yugoslavia] Chamber of Citizens consisted of the discussion about the agenda and proposals for its supplementation. Srdjan Darmanovic, deputy of the Socialist Party of Montenegro, proposed that the agenda be supplemented by a review of the foreign political situation. FRY Foreign Minister Vladislav Jovanovic said in connection with this:

[Begin Jovanovic recording] No changes occurred in the basic platform of our policy nor is there any reason for concern that such changes might occur as a result of recent events. We are in permanent contact with all protagonists of the resolution of the Yugoslav crisis, they have been informed of our positions. We stand firmly on our policy of peace and political resolution of all problems, on well nown principles of the equal treatment of all subjects in the Yugoslav crisis and the equal acknowledgement of their legitimate interests and rights. Also, we stand firmly on the platform voiced by the latest Contact Group plan about the resolution of the crisis in the former Bosnia-Herzegovina and, in contacts with all sides involved in this resolution, we are striving to supplement this plan as much as possible with new clarifications that would safeguard equal position to all communities and equal rights to all factors in this future union of this former Yugoslav republic in the formation of links with neighboring countries. We also stand firm on the position that the Vance Plan, with which the territories that constitute the republic of Serbian Krajina have been placed under UN protection, is the best and most acceptable plan that enjoys the support of all warring sides and the United Nations, too, and that, for this reason, this plan represents an irreplaceable basis for further talks.

Also, we firmly stand on the position that a three step plan of direct negotiations of Knin and Zagreb as equal partners is a process that is yielding results and that there are no reasons for it to be replaced by a different process and different procedure, especially because there is no guarantee that it would be accepted or give at least approximately the same results as these talks.

Regarding recognition, we also maintain our well known position expressed in our declaration of 27 April and the conclusion of The Hague Conference as well as in the position that recognition is always linked to our right to the state continuity and international and legal status of the FRY. For this reason, in everything that is happening and in which we participate actively as an unavoidable peace factor and partner, there are no new elements nor reasons for concern and even less fear that our firm and principled policy of peace and negotiations on the basis of legitimate rights of our people, all parts of our people, could be brought into question. [end recording]

[Protic] Dusan Curkin from DEPOS [Democratic Movement of Serbia] demanded a debate about the position of the Yugoslav Army. FRY Deputy Prime Minister Nikola Sainovic answered and reminded that the FRY Army is commanded by the supreme commander, the FRY president, in accordance with the Defense Council conclusions:

[Begin Sainovic recording] We established the Army's material position in this house less than two months ago, when we adopted the budget and resources and examined each item of the budget openly, in the committees and at the session alike, therefore, also all the elements that define the Army's material position. Naturally, in the times in which we live, the needs of all social subjects, including the Army's, are greater than the budget available. However, just as other social subjects, the Army shares the fate of our economic situation, and if we wish to defend the program and the country, then we should defend it primarily with the economic stability and then with defense preparations within the limits of material possibilities offered by this economic stability.

Over the past years, of which I would not talk because [words indistinct] various things that we, and also the Yugoslav Army, have been through, I can say [word indistinct] that enormous efforts have been made to maintain combat readiness of our Army and secure production of arms, military equipment, and preserve our defense capacity to this extent and also to overcome enormous difficulties that occurred because entire military industries remained on the territories of the former Yugoslavia. [end recording]

[Protic] Radomir Zekovic from the Peoples' Party of Montenegro demanded a debate about Prevlaka. FRY Foreign Minister Vladislav Jovanovic replied that the status of Prevlaka is a temporary one. Everything that happens there is carefully monitored and all international factors and the UN Security Council are informed. It is expected that Croatia will successfully be forced to honor the agreement. [passage omitted]

Kontic, Russian Delegation Discuss UN Sanctions

LD2802153795 Belgrade TANJUG in English 1516 GMT 28 Feb 95

["Pool" item]

[FBIS Transcribed Text] Belgrade, Feb. 28 (TANJUG)—Russian parliamentarians here on Tuesday underscored that even the formal terms no longer existed to retain the sanctions against Yugoslavia. They said that the U.N. Security Council should lift the sanctions without delay.

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A delegation of the Russian parliament lower house, headed by Sergey Glotov, said this in a talk with Yugoslav Prime Minister Radoje Kontic, the Yugoslav Information Ministry announced.

In pointing out that the sanctions against Yugoslavia were untenable and counter-productive, Kontic assessed that their abolition would be the biggest contribution to the peace process. In May, 1992, the Security Council imposed sanctions on Yugoslavia, alleging its involvement in the civil war in the former Yugoslav Republic of Bosnia-Herzegovina. In October, 1994, selected sanctions were suspended when Yugoslavia accepted the 'Contact Group' plan for Bosnia.

Kontic and the Russian MPs, on visit here as guests of the Karic Brothers University, said Croatia's calling off hospitality to the U.N. Protection Force after March 31 constituted an adventure, both incomprehensible and perilous to world peace. The U.N. peacekeepers, following Croatia's war of secession in the Spring of 1992, were deployed in Croatia and the republic of Serb Krajina, the state of Serbs in their ethnic and historical areas in this former Yugoslav republic. The peacekeepers are assigned there as an interposition force until after a political solution to the conflict is found. Although Krajina enjoys the status of a U.N. Protected Area (UNPA), it has been attacked four times by Croatia which wanted to impose its authority there by force.

Kontic underscored the current role of the Russian Federation and parliament in the settlement of crisis in Yugoslavia. He appraised favorably the fresh impetus given to Yugoslav-Russian cooperation.

Serbia

Percevic Reproves Pale for Threatening 'Unity'

AU0103085195 Belgrade Radio Beograd Network in Serbo-Croatian 1830 GMT 28 Feb 95

[FBIS Translated Text] The Socialist Party of Serbia [SPS] has not changed its policy regarding the resolution of the crisis on the territory of the former Yugoslavia. This is what SPS Vice President Goran Percevic said in a Belgrade Television program this evening. In the program, attended by Zoran Djindjic, president of the Democratic Party, and Vuk Draskovic, president of the Serbian Renewal Movement, as well as Svetozar Krstic, representative of the New Democracy, Goran Percevic said that the Republic of Serbia and the SPS represent continuity in the policy of peace:

[Begin Percevic recording] The fact is that when the Serbian people had a war imposed on them, Serbia, as the mother country, and the SPS, as the ruling party in Serbia, came to the defense of their people and demonstrated solidarity with, and support to, them. Now we have a situation where the Serbian people in the Serbian Republic have secured their freedom and equality and are in a situation where they can decide their fate independently on equal terms, and the possibility of their domination and the threat to survival that they had faced has been eliminated. However, it is precisely at this point that I would like to stress that as opposed to some other stances that are based on the premise that it is exclusively a concern of Serbs in the Serbian Republic whether they accept the peace plan or not, the SPS has always departed and continues to depart from a position that sees the interests of the Serbian people as lying in a situation where a forceful secession has occurred and their rights have been endangered by the forceful secession of individual former Yugoslav republics. Our policy must acknowledge the interests of all Serbian people and not the interests of its individual parts. We must also find a correct balance between the interests of individual segments of the Serbian people.

Therefore, when the Serbian people in the former Yugoslav Republic of Croatia were endangered and their physical survival was brought into question, Serbia and the SPS supported Yugoslav Army efforts to protect them, and Serbian citizens participated in this through the Yugoslav People's Party. When the fundamental equality and freedom of the Serbian people were threatened in the former Bosnia-Herzegovina, the SPS adopted the position that the interest of the majority was to secure the interests of this segment of the Serbian population, and precisely because of this assistance and solidarity, Serbia has had to endure the pressures and sanctions that have been imposed on our country.

Currently it is evident that, in a situation where the Serbian people on the territories of the former Bosnia-Herzegovina are being offered a fair peace proposal that guarantees them a chance to organize themselves politically on half of the territory of the former Bosnia-Herzegovina and secures equality and the possibility of linking up with the mother country, it is in the interest of all these people to accept such a proposal as a foundation. It is in their interest to embrace such a peaceful solution, for a process of definitive lifting of the sanctions against the FRY [Federal Republic of Yugoslavia] to begin, and for the FRY, as mother country and ultimate guarantor of everything it has done so far economically [words indistinct] has had thus far. Therefore, here we should not trust words but rather what has been accomplished, that is, we must trust deeds.

The other principle on which we based our policy was to realize the unity of the Serbian people and we express great regret and great lack of understanding for the Pale leadership which, through its irrational actions, has threatened the unity of the Serbian people and harmed the interests of the Serbian people as a whole. The FRY, which is still subject to sanctions, has been greatly harmed by this, however, it is primarily the people in the Serbian Republic that suffer, because their primary interest at the moment is to secure their physical survival and peace—to end the war and secure a peaceful resolution to the crisis.

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Therefore, there is continuity in the policy that we have pursued from the beginning. I believe that now is the time for this peace process to be advanced with the final acceptance of the peace plan and for this crisis that has gripped us, primarily due to the forceful secession of individual former Yugoslav republics which led to violation of the rights of the Serbian people, to be overcome. [end recording]

Greece's Evert Assesses Milosevic Talks

AU2802155695 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 28 Feb 95

[Report by Jelena Vidic]

[FBIS Translated Text] After his talks with Serbian President Slobodan Milosevic, Miltiadhis Evert gave a brief statement for correspondents. Jelena Vidic reports:

[Begin Evert recording in Greek with superimposed Serbo-Croatian translation] We held useful, friendly, and constructive talks with President Milosevic. There are still different opinions and deviations on various stands. There is, however, the wish for peace, and I believe that an appropriate solution will be found at the end for progress in the general process of negotiations aimed at finding a solution that exists in the former Yugoslavia.

The New Democracy is continuing its efforts. It will [word indistinct] get in touch with the French Government and I believe that at this moment, we are at a stage where, if the first, major, and decisive step is made, then the entire construction caused by the problem will collapse. [end recording]

Kosovo

Arkan Member Handles Asylum Seekers in Denmark

AU2802202795 Pristina KOSOVA DAILY REPORT in English No 562, 28 Feb 95

[FBIS Transcribed Text] Danish media reported yesterday that the person authorized by the Danish Foreign Ministry in dealing with verification of the authenticity of statements and papers of Kosova Albanian asylum-seekers in Denmark is Igor Pantelic, a lawyer from Belgrade, a member of Zeljko Raznjatovic-Arkan's Party of Serbian Unity, an Albanian political activist in Copenhagen told KIC [Kosovo Information Center]. The public opinion was startled by the news reports. The Serbian lawyer, member of the notorious Serb criminal Arkan's party, was reportedly commissioned by the Danish Foreign Ministry for a year and a half now.

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